



**Executive Board of the
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Programme and of the
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United Nations Office for Project Services

Responsibility of the United Nations Office for Project Services
in personnel matters

Delegation of authority for personnel matters
Establishment of posts

Report of the Executive Director

SUMMARY

The present report contains an update on the steps taken to implement Executive Board decision 99/17 of 15 September 1999. The document has been reviewed and approved by the Management Coordination Committee and submitted for the comments of the Advisory Committee on Administrative and Budgetary Questions.

At the time of preparation of this report, the delegation of authority for personnel matters has been issued by the Administrator, following consultations between respective offices responsible for human resources management at which operational arrangements of the implementation of the delegation were discussed and agreed on.

The present report also contains a review of the procedures applying to the establishment of posts, including those at the D-1 level as outlined in decision 94/32 of 10 October 1994, bearing in mind the self-financing nature of UNOPS operations.

I. INTRODUCTION

1. The present report contains an update on steps taken by the United Nations Office for Project Services to implement Executive Board decision 99/17 of 15 September 1999, as requested by the Board in paragraph 6 of its decision 2000/16 of 23 June 2000. The document also provides the Board with a review of current procedures for approval of posts at the D-1 level, as requested in paragraph 7 of its decision 2000/16.

2. The justified proposal relating to the upgrading of two existing posts at the P-5 level to the D-1 level, also requested by the Executive Board in paragraph 7 of its decision 2000/16 of 23 June 2000 is contained in paragraphs 22 through 26 of the revised budget estimates for the biennium 2000-2001 (DP/2000/37).

II. DELEGATION OF AUTHORITY ON PERSONNEL MATTERS

3. In its decision 99/12 of 22 June 1999, the Executive Board requested a detailed proposal on the responsibility of UNOPS in personnel matters, with a view to taking a decision on the delegation of authority in the areas of personnel. In response to that decision, the Executive Director submitted a report (DP/1999/38) that had been prepared in collaboration with the Administrator and which outlined in detail the responsibility of the Office in personnel matters. The report highlighted the need for a single, comprehensive system of personnel authority and accountability, covering all levels of personnel. The report also provided for the legislative and institutional grounds on which to base the UNOPS personnel regime, as well as the operational modalities under which the Executive Director would exercise the authority delegated to him in personnel matters. Having completed its review of the report, the Board, in its decision 99/17 of 15 September 1999, requested as a first step, that the Administrator delegate the authority to the Executive Director.

4. The delegation of authority reflects the basic framework for the personnel arrangements. Such framework provides that authority in all personnel matters should be vested in the Executive Director except for that retained by the Secretary-General and with respect to staff holding UNDP letters of appointment not limited to service with UNOPS, by the Administrator.

5. Following decision 99/17 of 15 September 1999, the respective human resources offices of UNDP and UNOPS proceeded with internal consultations in order to determine the operational arrangements of the implementation of the delegation of authority. While the consultations have taken longer than originally anticipated, partly owing to difficulties in scheduling meetings, they have sufficiently progressed during the last quarter of 1999 and the first semester of 2000, to enable the Administrator to proceed with signing the delegation of authority. In broad terms, it was agreed during the consultations that the overriding concern in the implementation of the delegation of authority would be to ensure that UNOPS personnel are administered in the most cost-effective and efficient manner. In that spirit, parties involved in the discussions agreed that the issuance of UNOPS letters of appointment will contribute to clarifying further the accountability of the Executive Director in personnel matters.

6. During the consultations, the respective UNDP and UNOPS human resources offices agreed on a number of general provisions as follows: all UNOPS staff, whether they are charged to the administrative budget or to projects, will be issued UNOPS letters of appointment unless they are UNDP staff on assignment to UNOPS; UNOPS staff will be administered according to the United Nations Staff Regulations and Rules and related policies and practices of UNDP and, where applicable, of UNOPS; UNOPS will exercise full supervisory authority and managerial responsibility over UNOPS staff, regardless of the administering entity; costs relating to the employment of UNOPS staff will be the financial responsibility of UNOPS, regardless of the administering entity (with the exception of staff on secondment or on loan, in which case explicit agreements will define the financial responsibility of each party); and in situations where UNOPS avails itself of administrative services from UNDP or, where neither UNOPS nor UNDP have the capacity to perform administrative services, from

other established United Nations offices following consultations between UNDP and UNOPS, the Executive Director will further delegate the authority to provide administrative services upon request and on behalf of UNOPS.

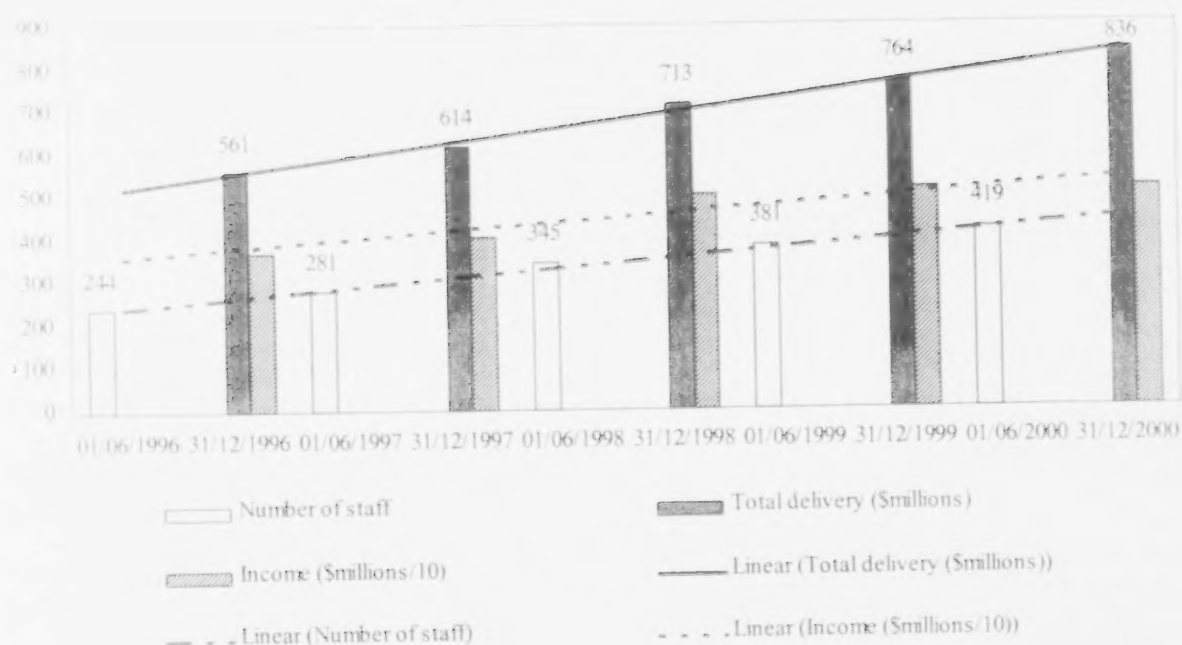
7. Other than the arrangements listed above, further agreements between UNDP and UNOPS will be concluded separately, specifying the UNDP services to be provided, together with associated charges based on identifiable work loads and performance standards and time frames.

8. The Executive Director is satisfied that the above steps taken to implement decision 99/17 of 15 September 1999 form a sound basis for the implementation of the delegation of authority in personnel matters.

III. PROCEDURES FOR THE APPROVAL OF THE ESTABLISHMENT OF POSTS AT THE D-1 LEVEL

9. Based on report DP/1994/62 of the Executive Director, the Executive Board decided, in its decision 94/32 of 10 October 1994, that the establishment of posts at the P-5 level and below require the *ex post facto* approval of the Board, while posts at the D-1 level and above must receive advance approval of the Board.

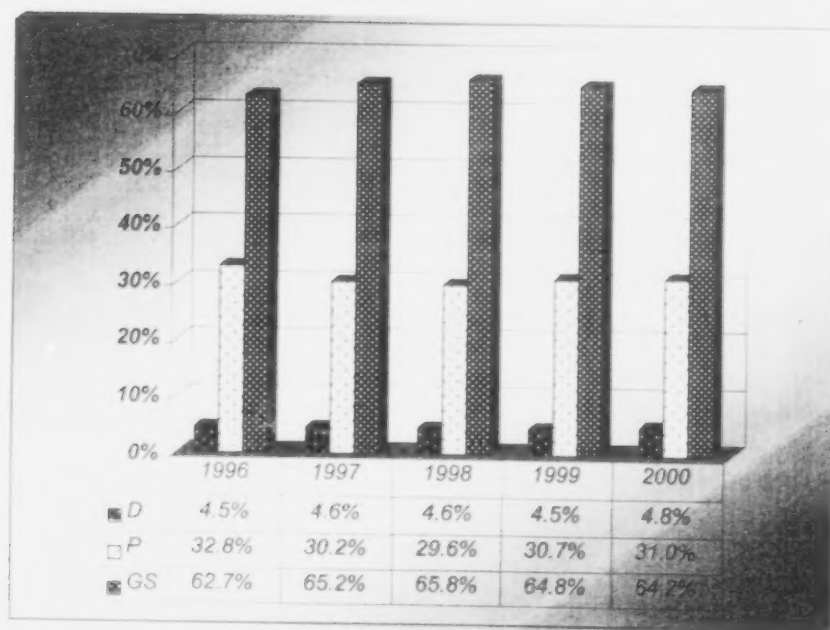
Figure 1. A comparison between trends of number of staff, delivery and income over the period 1996-2000



10. In the report on the revised budget estimates for the biennium 1996-1997 (DP/1996/36), the Executive Director informed the Executive Board that the retention or abolition of posts has no financial impact per se on UNOPS, of either a positive or negative nature, since, unlike other United Nations organizations, UNOPS does not have a core budget from which posts are funded. Therefore, the establishment and abolition of posts does not have direct financial implications on Member States and the staffing table merely reflects the UNOPS response to fluctuations in business acquisition and corresponding delivery. That the UNOPS staffing level is primarily affected by fluctuations in total delivery is demonstrated in figure 1 which shows the staffing trend over the period 1996-2000 closely follows the trends in total delivery and income. Of paramount importance, then, is the overall administrative budget based on the self-financing principle.

11. The UNOPS staffing table is therefore significant only to the extent that it establishes the types and levels of human resources that can be recruited. In this connection, the staffing table of 1 June 1996, as approved by the Executive Board in its decision 95/31 of 15 September 1995, contained a total of 244 established posts with 153 posts (62.7 per cent) in the General Service category, 80 posts (32.8 per cent) in the Professional category (P-1 to P-5 levels), and 11 posts (4.5 per cent) in the higher category (D-1 and above). In subsequent years, the ratio between these categories of staff has remained more or less constant, even when including the special project-related posts established in response to specific project-related requirements, and which are by definition of a temporary nature. The staffing table as of 1 June 2000, under review by the Board at the current session, contains a total of 419 established posts with 269 posts (64.2 per cent) in the General Service category, 130 posts (31 per cent) in the professional category (P-1 to P-5 levels) and 20 posts (4.8 per cent) in the higher category (D-1 and above). Figure 2 demonstrates the degree of stability of the relative weight of each category of staff during the period 1996-2000.

Figure 2. Staff distribution over the period 1996-2000



12. In its report DP/1997/28, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) expressed its opinion that UNOPS must continue to manage posts in a flexible manner. This observation was made in response to the report of the Executive Director contained in document DP/1997/29, in which the absence of financial implications to Member States emanating from the establishment and abolition of posts in view of the lack of assessed budget funding had been highlighted. ACABQ had already made a similar observation in its report contained in document DP/1995/45, in which it noted the introduction of a flexible post management system within UNOPS in order to be responsive to changes in demand and projected income.

13. Over the period 1995-1999, UNOPS has demonstrated that a flexible post management system is an essential tool for the Executive Director to be able to maintain a balanced budget, by carefully monitoring expenditures and income levels while meeting evolving business requirements. As specific needs develop from a diversification in its client base or from identification of a new range of services that UNOPS may be able to deliver successfully, the Executive Director must be able to respond quickly, efficiently and in the most cost-effective manner.

14. This response may involve the establishment or abolition of posts, including posts at the D-1 level. The demand for UNOPS services is increasingly calling for a specialized capacity for the management of multidisciplinary initiatives, with complexities deriving from technical, political and social factors. While the corresponding budgets cover technical inputs, the expert management of the programmes is entrusted to the executing agent, such as UNOPS, which must mobilize the appropriate support and backstopping capacity at the required level. At times, the appropriate level is the D-1 level. Given the scheduling of Executive Board meetings, it may be quite likely that the requirement to obtain *ex ante* approval for the establishment of posts at the D-1 level would postpone UNOPS response by as much as half a year, with great inconvenience for the client and the programme itself. Given the temporary nature of these posts - their costs are covered by the specific management fee generated by the implementation of the related project or group of projects - they constitute an essential flexibility parameter on which to gauge UNOPS response.

15. The trend over the period 1995-1999 demonstrates that the Executive Director has been responsive to evolving requirements by establishing the appropriate number and level of posts, without inflating any of the categories of staff, realizing that a healthy balance between categories is essential for the success of a self-financing entity. Posts at the D-1 level are equally essential for the successful execution of major activities, which are by definition demand-driven.

16. In light of the above, the Executive Director is therefore of the opinion that there may be merit in him also being given the authority to establish posts at the D-1 level similar to his existing authority pertaining to the establishment of posts at the P-5 level and below. Nevertheless, after consulting the MCC, the Executive Director proposes, for the time being, to continue with the present arrangement, limiting his authority to the establishment of posts at the P-5 level and below. The Executive Director will monitor the impact of continuing to require *ex ante* approval for the establishment of posts at the D-1 level including for project related activities financed from the administrative budget. Should a need therefore arise, the Executive Director will report thereon to the Executive Board.

IV. EXECUTIVE BOARD ACTION

17. The Executive Board may wish to:

- (a) Take note of the report of the Executive Director (DP/2000/30) and of the fact that delegation of authority in personnel matters has been provided to the Executive Director by the Administrator;

- (b) Request the Executive Director to report at the first regular session 2001 on measures taken to ensure the proper discharge of the delegated authority;
- (c) Decide that, for the time being, the Executive Director must continue to receive the advance approval of the Board for the establishment of posts at the D-1 level and above, while the Executive Director retains his authority to establish posts at the P-5 level and below on the basis of ex post facto approval of the Board.



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Updated resource allocation framework and revised MYFF

Summary

The current paper focuses on the main lessons that have emerged since mid-1999 with regard to the implementation of the multi-year funding framework (MYFF) through the strategic results framework (SRF) and results-oriented annual report (ROAR) instruments. As the paper highlights, the introduction of results-based management has opened a new manner in which to carry out business and has focused all levels of the organization on improving the planning, management, monitoring and delivery of results. While it is rather early to pinpoint definitive lessons, an analysis of the SRF/ROAR processes to date has already yielded a number of important considerations that will lead to further improvements in results delivery.



I. Introduction

1. In its decision 99/23, the Executive Board called on the Administrator to present at its annual session 2000, a paper containing proposals for revising and updating the multi-year funding framework (MYFF), lessons learned and proposals for the timing and structure of the MYFF final report (MYFFR). In the same decision, the Board further called on the Administrator to provide an update of the integrated resource framework (IRF) on the basis of table 4 in the MYFF as well as strategic results and integrated resource frameworks for the funds and programmes administered by UNDP.

2. The present paper provides responses to Executive Board decision 99/23 along with a status of the main issues relating to the MYFF, beginning with the formulation of the strategic results framework (SRF) by country offices in May of 1999. The results-oriented annual report (ROAR) formulation process took longer than originally foreseen and the need to review carefully both the process and its implications necessitated postponing the submission of the present paper from the annual session to the current session.

3. All matters relating to the UNDP-administered funds and programmes have been dealt with separately (DP/2000/CRP.10), of which the Executive Board took note in its decision 2000/15.

4. As the present paper highlights, UNDP has moved quickly to assess the implications and lessons of the MYFF/ROAR exercises over the past year in order to consolidate their potential in managing for results. However, added attention must now focus on financial resources, specifically the continuing trend in core resources. A continuation of the current trend for core resources to stagnate risks jeopardizing the ability of UNDP to meet fully the results envisaged under the MYFF.

II. Background

5. Approved by the Executive Board in its decision 99/23, the MYFF laid out for the first time the main strategic objectives of UNDP within a four-year period and included a clear link between these and the financial resources required. The approval of the MYFF was a cornerstone in consolidating results-based management (RBM) in UNDP and ushered in an

entirely new, more proactive approach to managing the delivery of results.

6. At the same time, the MYFF has brought with it both a challenge and an opportunity for the organization. The challenge stems from the fact that the MYFF clarifies UNDP intended results and in so doing provides a basis against which the organization could and will be judged at the end of the programming period. The opportunity is to position UNDP for the future, to improve strategic management and align organizational resources more effectively behind results areas, whether corporately or at the country level. The formulation of the Business Plans (DP/2000/8) is intended precisely to capitalize on this opportunity and to provide a blueprint for a more effective alignment of resources for improved results delivery.

7. The MYFF formulation was premised on combining both a top-down and bottom-up approach. While the SRFs provided a corporate framework reflecting the major areas of UNDP intervention, the actual content in terms of expected development results, outputs and indicators was dictated by the country-specific context.

8. Underpinning the MYFF approach is the tight monitoring of results delivery through regular reporting and the use of concrete indicators/benchmarks. As a result, UNDP will be required to formulate two types of reports throughout the MYFF period:

(a) Annual reports on results performance (one for each country office and a corporate report);

(b) A final, end-of-period report in 2003 providing a global assessment of the organization's performance throughout the entire MYFF cycle.

9. The first corporate ROAR, covering performance in 1999, was presented to the Executive Board at its annual session 2000. In its decision 2000/15, the Board commended the Administrator and his staff for the effort made in preparing the ROAR and called for the promotion and further refinement of the process as an integral part of the MYFF. The comments made by many Board members and observers at the annual session also provided additional inputs for the refinement of the methodology.

III. A review of the MYFF to date: lessons learned

10. While it is premature to draw definitive lessons from the experience to date with RBM, given its relatively recent introduction only some 18 months ago, the formulation of the MYFF and ROAR have indeed pinpointed both clear successes and a number of issues that require further attention and effort.

11. First, it is important to underscore that introducing RBM into UNDP has initiated a fundamental mindset shift in how the organization assesses itself and manages results at all levels. Importantly, the formulation of the MYFF and the ROAR now provide an operating system, both corporately and at the country-office level, that allows UNDP to monitor, measure and demonstrate better the results, value and use of its multilateral funding. Yet, introducing this new RBM approach within such an ambitious time-frame has entailed a steep learning curve by all staff and has imposed considerable demands on the organization in terms of time and both human and financial resources. In this, a number of important factors proved decisive in allowing UNDP to pursue its RBM agenda swiftly, namely:

- (a) The willingness of staff to accept and recognize the value of the new tools in improving delivery;
- (b) Sustained commitment by senior managers;
- (c) Strong support from the Executive Board.

12. The 1999 corporate ROAR confirmed that UNDP programme performance is, to a great extent, consonant with the intended results and outcomes of the MYFF. UNDP continues to emerge as an organization centred on policy support and capacity-building with the largest amount of outcomes classified under these areas. The SRFs and the ROARs also provide a valuable mechanism to refine further and advance the organization's strategic focus and main results areas.

13. The ROAR formulation process, in particular the analysis of the data received, does not suggest the need for a substantive revision of the MYFF as formulated. For the time being, it is suggested that such revisions or refinements be undertaken within the framework of the corporate ROAR and as an integral part of the MYFF mid-term results report.

14. The formulation of the ROAR did, however, highlight a number of issues that need to be addressed in order to place RBM firmly at the heart of UNDP management approaches. This will involve developing a strategy over the next few years that seeks to monitor and improve awareness and understanding of key concepts and methods on a continual basis, particularly with regard to the issues presented in more detail below.

Refining the methodology

15. One set of issues pertains to crucial aspects of the SRF/ROAR methodology. The methodology of the ROAR clearly represents a breakthrough for UNDP and has the potential to be a major contribution to the work of other development organizations that are pursuing RBM approaches and improved performance measurement. Naturally, the methodology developed also requires further attention as part of a continuing, systematic effort to improve performance monitoring. A number of issues stand out for immediate attention.

16. First, the length of many SRFs and ROARs indicates a continuing need to foster more selective approaches in the choice of outcomes and outputs to ensure these documents remain strategic in nature. Furthermore, additional effort needs to be placed on clarifying the purpose of and links between the SRF/ROAR and other instruments such as the Common Country Assessment (CCA), the United Nations Development Assistance Framework (UNDAF) and the country cooperation framework (CCF).

17. The information on partnerships needs to be improved in terms of the roles and responsibilities of other development partners to strengthen that key link between UNDP outputs and expected outcomes on which the SRF is premised. More precise details are also required on the actual role of UNDP within the development context of programme countries, particularly if it is providing additional support to aid coordination efforts.

18. Capturing UNDP work tied to advocacy within a format designed to match activities to specific results has proved difficult. While an attempt was made to address this in the first part of the ROAR, it has not proven sufficient and the matter is being addressed with a view to improving reporting on this type of activity in the second ROAR. The importance of

addressing this matter is pressing, given the trend evident in the ROAR that shows UNDP strongly focused on the type of upstream policy-related intervention that normally involves a significant advocacy component

19. Another problem particularly visible with the ROAR has been the underreporting of cross-sectoral issues that also involve a national-international link. A case in point is the reporting on activities and results linked to the work of the Global Environment Facility (GEF), the United Nations Capital Development Fund (UNCDF), the Office to Combat Desertification and Drought (UNSO) and the United Nations Development Fund for Women (UNIFEM) and both regional and global programme activities. Clearer guidance needs to be issued to ensure that country offices are aware of the scope and comprehensiveness of reporting on these in order to ensure more detailed, accurate analysis.

20. Managing for results hinges on the definition of measurable targets and on the use of clear indicators and benchmarks with which to go beyond self-assessment and towards some objective monitoring of progress and performance, whether at the country or corporate level. A number of country offices have highlighted this aspect of the MYFF as one of its most positive features. Three types of indicators were designed:

(a) Situational indicators, which provide a basis for assessing macro-level changes in the development environment;

(b) Country office specific indicators, which provide a means of monitoring progress towards objectives; and

(c) Generic indicators, which are designed to assess UNDP performance in key results areas.

21. While the SRFs and ROARs show that country offices have made good use of indicators and benchmarks, it is also clear that they require further guidance and support in developing this approach. In particular, the use of situational indicators to gauge macro-level development changes and impact was a weak point in the 1999 ROAR. This issue is being reviewed and the next generation ROAR will also contain an innovative, effective link between situational indicators and the human development indicators that form the basis of the *Human Development Report*. This will greatly strengthen

monitoring and reporting on human development trends at the country level.

22. The results of the first ROAR have also stressed the need to develop a simple, limited approach to assessing corporate performance with the identification of a few, key generic indicators. This will facilitate both the gathering and presentation of information without prejudice to an assessment of performance trends. These, together with more precise and relevant situational indicators, will strengthen efforts to demonstrate the link between UNDP results and developmental impact.

Revising the SRF

23. While the SRF templates contained in the annex to document DP/1999/CRP.12 provided an initial opportunity to highlight the UNDP areas of comparative advantage, these instruments should be further simplified. The aim is to create a more streamlined and updated template that better reflects UNDP key results areas and policy focus as laid out in the Business Plans. This process is under way and the new template will be the basis of the 2000 ROAR.

Managing information

24. Learning from the experience of the past year in managing the volume of information generated by both the MYFF and the ROAR, UNDP is in the process of establishing a new, integrated data management system. This system will facilitate results monitoring and information exchange at the country-office, regional-bureaux and corporate levels. It will have the advantage of familiarizing all staff with the same fundamental and proactive approach to results delivery.

25. Importantly, the link between the traditional classification of UNDP expenditures and the new SRF categories needs to be reviewed in order to strengthen the MYFF linkage between programme areas, results and financial resources.

Development results

26. The ROAR has provided an overview of UNDP performance in all key results areas, highlighting strengths, successes and weaker areas that require

attention to align UNDP fully with the Administrator's vision of a policy-driven organization. Inasmuch as the overall thrust of UNDP results lies in policy development and institutional capacity-building, the report also provides an excellent empirical baseline from which to monitor the ongoing transformation of UNDP into an upstream advisory services organization with an appropriate balance of downstream activities.

Organizational responsibilities

27. The first corporate ROAR represents a multipurpose instrument with implications for various spheres of organizational responsibility. As such, headquarters units have moved to review their respective areas of competence with the goal of aligning institutional resources in order to maximize results delivery. The key units are: the Bureau for Development Policy (BDP), the Bureau for Management (BOM), the Bureau for Resources and Strategic Partnerships (BRSP), the Evaluation Office and the Operations Support Group (OSG).

28. The division of labour among these units is as follows: OSG will coordinate all SRF/ROAR matters and the development of this system in UNDP. Within the framework of OSG coordination, BDP will review all aspects linked to policy support and future orientation. An in-depth review of the ROAR is already a main engine driving the restructuring of BDP and the establishment of its new service lines. BOM, with its responsibility for overall UNDP resource planning, covering both programme and the biennial support budget, will therefore be responsible for the integrated resource framework (IRF) in terms of development, monitoring and reporting. In addition, BOM will also assess other management implications of the MYFF/ROAR, particularly in terms of human resource profiles and retooling. BRSP will review and take responsibility for all matters covering UNDP support to the United Nations and the Evaluation Office will provide methodological support and guidance to the development of RBM in general, in particular with regard to indicators.

29. The first SRF/ROAR period has confirmed that headquarters units, primarily regional bureaux, have a key role in providing quality assurance to supplement the efforts of the country offices. The approach adopted in this initial phase was flexible and based on close cooperation with other central units. The lessons

learned from this experience have now provided a series of ideas for the content, structure and timing of feedback while emphasizing the necessity of adopting a systematic, uniform corporate approach.

30. At the country-office level, there is clearly a continuing need to ensure a full alignment with other programme instruments such as the country cooperation framework (CCF), the country office management plan (COMP) and the United Nations Development Assistance Framework (UNDAF) in order to assure clarity and coherence of purpose. Furthermore, UNDP is also reviewing the link between key aspects in country SRFs and ROARs and performance accountability, particularly in terms of the UNDP Resident Representative. An initial step in this direction is for Resident Representatives to select key outcomes for inclusion in the COMP for which the office will be held accountable through the year-end performance review of the Resident Representative.

31. Many of the above issues will be an integral part of the next round of UNDP-wide training. Additional resources will be required for this effort and UNDP will need to secure support from donors.

The MYFF report (MYFFR)

32. While it is rather early at this point to confirm in detail the contents of the MYFFR, it will certainly provide an opportunity for an in-depth review of the main lessons learned and the issues that surfaced over the first two years of the MYFF as well as their organizational implications. Importantly, it will provide an update on UNDP performance over the cycle, highlighting core strengths and weaknesses over the period as well as the organization's consolidation of an upstream approach.

IV. Integrated resources framework

33. The Integrated Resources Framework (IRF) links activities, results and financial allocations.

34. At the end of the first year of the MYFF, the current and projected positions with respect to regular resources do not bear out the assumptions of Executive Board decision 98/23, namely to increase voluntary contributions. The Administrator is taking actions to address the serious funding crisis of the organization.

35. By contrast, trust funds/third-party cost-sharing and government cost-sharing have continued to grow dynamically. In 1999, non-core income amounted to 69 per cent of total UNDP resources or \$1.7 billion. The most significant income areas being: trust funds — \$339 million; third-party cost-sharing — \$192 million; and government cost-sharing — \$989 million (others amount to \$170 million).

36. The aggregate figures mask the serious financial crisis that UNDP is facing in its regular resource base. Other resources cannot substitute for a sufficient, predictable and sound base in regular funding, as highlighted in the annual review of the financial situation, 1999 (DP/2000/29). It remains a matter of concern that core resources represent a disproportionately small share of total resources when they remain the cornerstone of the UNDP impartial, country-owned and country-defined cooperation programme and the basis of support to the in-country United Nations development system. In fact, core resources represent only 28 per cent of total UNDP resources for 1999 (see document DP/2000/29).

UNDP funding framework in a holistic manner, covering both programme and support budgets.

V. Recommendation

37. Given that the efforts to rebuild the UNDP core funding base, which began with decision 98/23, have not led to the anticipated increases in core resources, the Administrator is concerned that the opportunity presented by results-based management through the MYFF and its associated instruments could be undermined. The Administrator further believes that delegations are fully aware of the implications of the present funding situation of UNDP. Full details of this were provided to the Executive Board in his annual report for 1999 (DP/2000/23).

38. Recognizing that the Executive Board will require time for consultations, the Administrator believes that it would be premature to present an updated IRF at the current session. He proposes to submit a revised IRF in conjunction with his biennial budget proposals at the third regular session 2001. This timing will allow the Administrator to hold consultations with the Executive Board and thus ensure that the updated IRF reflects such consultations and is in line with follow-up to the September 2000 Ministerial Meeting on UNDP. This approach will also enable the Administrator and the Board to review the



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Annual statistical report, 1999

**Procurement of goods and services, international project
personnel, United Nations Volunteers and fellowships**

The Annual statistical report, covering procurement data of the United Nations system, is submitted by the Administrator for the information of the Executive Board. The report may be obtained in the language of submission (English only) from the Executive Board secretariat.

The main purpose of the report is to provide details on procurement by country of supply to the United Nations system.

Total procurement by the United Nations system under all sources of funding during 1998 was \$3.0 billion and the share of procurement from developing countries was 42 per cent. The percentage share of procurement from developing countries has been increasing steadily over the past few years. Under UNDP funding, the corresponding figure for the share of procurement from developing countries was 85 per cent.

As of July 1999, the collection of data for 1999 procurement was still in progress.





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Report of the Inter-Agency Procurement Services Office

Summary

The present biennial report is submitted by the Administrator for the information of the Executive Board, pursuant to Executive Board decision 96/2. It provides an update on the activities of the Inter-Agency Procurement Services Office (IAPSO) Bureau of Management from June 1998 to June 2000.

Contents

	Paragraphs	Page
Introduction.....	1-3	2
I. Activities involving best practices	4-10	2
A. Capacity-building initiatives.....	4-6	2
B. Support to the business community	7-9	2
C. Support to United Nations activities.....	10	2
II. Direct procurement activities	11-24	3
Collective pricing agreements.....	15-24	3
III. Executive Board action	25	4
Annex		
Table 1. IAPSO procurement by major product group (1998-1999)		5
Table 2. IAPSO procurement services by client group (1998-1999)		5



Introduction

1. The Inter-Agency Procurement Services Office (IAPSO) serves as coordinator of and adviser on procurement best practices to Governments, in particular programme country Governments, organizations of the United Nations system, and other partners in development. IAPSO undertakes activities designed to harmonize procurement procedures, support transparency, standardization and cost-effectiveness in the procurement process. Acting as the focal point, IAPSO facilitates the business community's access to and business transactions with the United Nations system. UNDP provides for these activities under its biennial support budget appropriation for operational activities of the United Nations system. The biennium support budget provides for one third of the operational budget of IAPSO activities.

2. IAPSO provides a wide range of advisory and direct procurement services to Governments, United Nations organizations and other partners in development. These services are provided on a self-financing basis from fees charged. In the biennium 1998-1999, the total income received by IAPSO for these services was \$7.1 million, of which \$5.4 million was used to finance the operational budget of IAPSO during the biennium. IAPSO has accumulated income of \$4.2 million from its fees. This serves as an operational reserve to support IAPSO procurement services. Detailed information on the direct procurement activities is contained in chapter II below.

3. Finally, in a separate report (DP/1999/34), IAPSO provides the Executive Board with statistics on the United Nations system procurement for 1998.

I. Activities involving best practices

A. Capacity-building initiatives

4. IAPSO supports both the UNDP, the United Nations system and, in the context of national execution, programmes of country Governments, by providing learning opportunities for United Nations system staff and the staff of national Governments.

5. In 1998 and 1999, IAPSO conducted 11 regional procurement training workshops in Tanzania, Nepal,

Turkey, Bolivia, Kazakhstan, Switzerland, Armenia, Paraguay, Côte d'Ivoire, China and Mozambique.

6. These courses covered both local and international procurement. They are designed to strengthen local capacity, to manage procurement in a cost-effective manner and to identify the benefits of effective and transparent procurement. In total, some 447 participants attended these courses. Additional courses were provided by IAPSO in New York in 1998 and 1999, specifically for the staff of UNDP and other United Nations organizations.

B. Support to the business community

7. IAPSO provides a range of services designed specifically to support the business community. As coordinator of procurement activities for the United Nations system, IAPSO provides facilities on its web site and encourages all United Nations organizations to use this facility to publish procurement opportunities. Furthermore, IAPSO provides links to other United Nations organizations that publish procurement notices on their web sites.

8. IAPSO annually publishes the General Business Guide (GBG) in English, French and Spanish in both electronic and hard-copy format. This contains detailed information concerning each United Nations organization and their annual requirement for procurement of both goods and services. The GBG provides an overview for suppliers of the United Nations system and details on common principles and practices of procurement along with contact addresses of United Nations organizations, country offices and peacekeeping missions.

9. IAPSO continues to coordinate and conduct seminars for the business community on how to do business with the United Nations. Seminars were organized in cooperation with other United Nations organizations in Beijing, Melbourne, Muscat, Tallinn, New Delhi, Buenos Aires, Tel Aviv, Brussels, Stockholm and Copenhagen.

C. Support to United Nations activities

10. On behalf of 12 United Nations organizations, IAPSO manages the United Nations Common Supplier Database (UNCSD). This is a joint venture, which provides suppliers to the United Nations system with

the option of registering in UNCSD as a single gateway to the United Nations system. UNCSD was launched in 1998 and has over the first two years of its use proved to be a valuable tool to a number of United Nations organizations.

II. Direct procurement activities

11. The volume of procurement handled by IAPSO has continued to grow. IAPSO handled \$71.3 million in 1998 and \$66.5 million in 1999. This represents an increase of 15 per cent over the previous biennium. Table 1 provides a breakdown of IAPSO procurement activities by product group, while table 2 provides a breakdown by client group. A significant increase has occurred in IAPSO support to UNDP and to programme countries under national execution.

12. IAPSO has provided considerable support to UNDP activities under the Oil for Food Programme in Iraq. Support to this UNDP project for the rehabilitation of the electricity network in Northern Iraq has included direct procurement of technical equipment and motor vehicles. In 1999, orders were placed amounting to \$5 million, primarily for power generators. It is anticipated that the procurement volume in 2000 could be in excess of \$25 million. This will include power generators and transmission and distribution equipment.

13. IAPSO has provided support to the United Nations Administration Mission in Kosovo (UNMIK). IAPSO assisted in setting up procurement procedures and practices and advice and guidance to government ministries. The procurement volume in 1999 was some \$5 million; it is anticipated that in 2000 a similar or greater procurement volume will be undertaken.

14. The IAPSO mandate, as reaffirmed by the Executive Board in 1996 (DP/1996/7), authorizes IAPSO to provide procurement services on a self-financing basis to United Nations staff. IAPSO has traditionally offered procurement services for motor vehicles to staff of United Nations organizations, international finance institutions and staff of organizations that serve as development partners. In all cases the facilities are provided only to staff members eligible for diplomatic privileges.

Collective pricing agreements

15. As detailed in the report of the Administrator on the activities of IAPSO for the biennium 1996-1997 (DP/1996/7), the Consultative Committee on Administrative Questions has recognized that standardization programmes and centrally negotiated prices for common-user items would have potential for significant savings for the United Nations system. Based on aggregate annual United Nations purchasing volume, IAPSO has traditionally undertaken open international competitive bidding for the supply of common-user items to the United Nations system.

16. IAPSO has traditionally disseminated information concerning the availability and eligibility of the collective pricing agreements by issuing "catalogues" to eligible customers. These catalogues provided details of the products available and information concerning country-specific indications and delivery modalities.

17. In 1999, IAPSO undertook a survey of clients to assess the specific needs of the various IAPSO client groups, to determine the quality of the service provided by IAPSO and to identify additional requirements from IAPSO clients. After reviewing feedback from current IAPSO clients and potential clients, IAPSO improved services by providing on-line access to collective price agreements, which had traditionally been available only through hard-copy catalogues.

18. Two significant points were consistently identified throughout the survey. First, there was a considerable lack of awareness among potential IAPSO clients regarding the range of services offered by IAPSO, including access to collective pricing agreements for products other than motor vehicles. Second, clients aware of the services offered in the traditional hard-copy catalogues indicated that, though useful, they were not always available when required. Furthermore, IAPSO is aware that the traditional process of disseminating this information is costly and time consuming.

19. In reviewing the possible options through which to address these issues, it was apparent that the Internet provided an appropriate vehicle, both in raising awareness among clients in giving IAPSO the opportunity to provide clients with reliable, up-to-date enhanced information at significantly less cost.

20. Details of all products available to eligible clients under collective pricing agreements are posted on the IAPSO web site. This will enable clients to access details of available products, the specifications for the products, estimated delivery information and, with a secure identification and password, details of the pricing available under the collective pricing agreements.

21. IAPSO has currently Internet catalogues available for motor vehicles, motorcycles, office equipment and software. It is anticipated that in 2000 Internet catalogues will be developed for information-technology equipment, generators and heavy trucks.

22. In May 2000, IAPSO implemented the first phase of electronic commerce through its web site. This facility enables clients to request full quotations, including insurance, freight charges and handling fee. Automated quotations are provided by e-mail normally within 24 hours after review by an IAPSO procurement associate. This process is currently under review to ensure that eligible clients receive fully automated quotations immediately. In the long term, IAPSO plans to enter fully into electronic commerce. This would involve both electronic ordering by IAPSO to suppliers and receiving electronic orders from eligible clients over the Internet.

23. IAPSO has implemented a security package specifically designed to provide enhanced security for electronic-commerce transactions over the Internet. As an interim measure, while electronic transactions from both clients and to suppliers will take place, they will be backed by hard-copy documentation to ensure that the requirements of UNDP financial rules and regulations are met and that there is an adequate audit trail for transactions.

24. IAPSO is discussing the expanded use of its web site for the dissemination of collective price agreements with other United Nations organizations and international finance institutions.

effectiveness and transparency in the procurement process;

(b) Encourage IAPSO support to UNDP country offices and operational activities through the expanded use of the Internet for the dissemination of information;

(c) Recommend within the context of United Nations reforms and common services that IAPSO continues to explore ways in which expanded use of collective pricing agreements can be coordinated with other entities of the United Nations system.

III. Executive Board action

25. The Executive Board may wish to:

(a) Take note of the report of the Administrator on the activities of IAPSO in 1998 and 1999 (DP/2000/33) and its contribution to the coordination of efforts to enhance capacity and to promote more

Annex

Table 1
IAPSO procurement by major product group (1998-1999)
(In millions of United States dollars)

Product group	1998		1999	
	Amount	(Per cent)	Amount	(Per cent)
Motor vehicles and spares	55.1	77.3	45.8	69.0
Computer equipment	6.4	9.0	8.3	12.5
Office equipment/furniture	3.6	5.0	2.4	3.6
Agricultural/water supply equipment	0.9	1.2	0.4	0.6
Audio-visual/communication equipment	1.1	1.6	1.1	1.6
Laboratory equipment	0.4	0.5	0.0	0.0
Power generators	0.2	0.2	5.0	7.5
Other	3.6	5.2	3.5	5.2
Total	71.3	100.0	66.5	100.0

Table 2
IAPSO procurement services by client group (1998-1999)
(In millions of United States dollars)

Client group	1998		1999	
	Amount	(Per cent)	Amount	(Per cent)
Non-governmental organizations, donor Governments, bilateral and international development entities	21.5	30.1	33.7	50.6
Programme country Governments	27.9	39.2	21.3	32.0
UNDP	4.2	5.9	4.4	6.7
United Nations organizations	3.7	5.1	3.8	5.7
United Nations and eligible diplomatic staff members	14.0	19.7	3.3	5.0
Total	71.3	100.0	66.5	100.0



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Evaluation

Evaluation

Report of the Administrator

Summary

The present report on evaluation, covering January 1999 to June 2000, emphasizes how evaluation activities have contributed to increasing the effectiveness of UNDP. Four strategic areas are highlighted: (a) aligning monitoring and evaluation instruments with results-based management; (b) strengthening substantive accountability; (c) promoting organizational learning and partnerships; and (d) a macro-level assessment of UNDP performance based on evaluation data.

Considerable progress has been made in strengthening methodologies for results-based management and making it operational, in managing the design of the strategic results frameworks, working with country offices, and contributing to the preparation of the first results-oriented annual report. Methodologies and tools for assessing impact at the country level and an evaluative research programme have been developed to promote stronger substantive accountability. This objective has also been furthered by the systematic monitoring of evaluation compliance, with the rate of strict compliance for the project approval period 1990 exceeding the target of 70 per cent, and by the promotion of evaluation plans as a real-time instrument for country-level substantive accountability.

An important contribution to learning and knowledge dissemination has been made by providing lessons with direct practical relevance and in easily digestible forms to frontline country office staff and their counterparts. This has been achieved through publications such as *Essentials*, the Evaluation Office web site and the Central Evaluation Database, as well as the strengthening of the UNDP Evaluation Network (EVALNET). Partnerships focused on effective learning and dissemination have been central. The Evaluation Office, in overseeing the evaluation function of UNDP programmes and funds, has paid particular attention to assessing the extent to



which evaluation recommendations have been followed up on, and the mechanisms by which this is achieved.

Finally, the report integrates an analysis based on evaluative evidence of key elements of UNDP performance and factors determining this performance. This reveals an encouraging upward trend in the achievement of immediate objectives, and the relevance of ownership, measured by the level of government support, in contributing towards this improvement.

Contents

	<i>Paragraphs</i>	<i>Page</i>
I. Introduction	1-3	1
II. Achievements	4-58	3
A. Results-based management	4-8	3
B. Substantive accountability	9-39	4
C. Organizational learning and partnerships	40-49	11
D. Evaluations by programmes and funds	50-58	13
III. Assessment of UNDP development effectiveness	59-69	15
IV. Directions for the future	70-71	18
Annexes		
1. Evaluation compliance		20
2. List of evaluations completed and agenda for future evaluations		33

I. Introduction

1. The evaluation function continues to evolve with the challenges posed for UNDP by the introduction of results-based management (RBM) and the strategic directions set out in the Business Plans. These challenges have required considerable reassessment of how evaluation contributes to substantive accountability and organizational learning. This reassessment has highlighted in particular the importance of stronger partnerships in evaluation work and reinforced the need for better methodologies for defining and measuring the results achieved by UNDP. It has also brought into sharp relief the need for early realignment of existing monitoring and evaluation practices with the new strategic directions and the move by UNDP to become a knowledge-driven global catalyst and adviser.

2. The present report which covers the period from 1999 and to mid-2000 details the considerable progress made in grounding the role of evaluation in UNDP. Greater emphasis than in the past is given to an assessment of how evaluation activities have contributed to increasing the effectiveness and results orientation of UNDP. Defining results-oriented monitoring and evaluation tools and practices and integrating them into the organizational culture of UNDP has become of strategic importance, given the centrality of monitoring and evaluation to results-based management.

3. A major focus of the report concerns balancing learning with substantive accountability and how evaluation contributes to it. Over the reporting period, a strong effort has been under way to promote a tighter link between evaluation recommendations and lessons learned with management decisions and improved organizational practice. Finally, integrated into the report is a presentation of key trends in performance of UNDP based on an analysis of the assessments undertaken by outside evaluators. This analysis complements and in some cases strengthens the conclusions arising from the 1999 results-oriented annual report (ROAR).

II. Achievements

A. Results-based management

4. The introduction of RBM has required considerable change in evaluation practice in UNDP. The close involvement of the Evaluation Office in the preparation of the strategic results framework (SRF) and the multi-year funding framework (MYFF) provided an opportunity to ensure that monitoring and evaluation concerns were fully integrated into the design of the SRF and that these concerns become increasingly central to strategic management and learning processes in UNDP. This has strengthened considerably the demand for evaluative information since preparing individual ROARs require answering questions on the contribution and development impact of UNDP. The focus on outcomes in particular encourages partnerships since working together requires agreement on joint objectives and collaboration on assessing progress.

5. UNDP has provided leadership in methodology development and in the design of results-based systems. Progress made by UNDP in RBM methodology has been with the close involvement of other multilateral and bilateral organizations. This very process of close consultation has helped to reinforce the importance of RBM in

international forums such as the working group on aid evaluation of the Development Assistance Committee of the Organisation for Economic Development and Cooperation (OECD/DAC).

6. The SRF/MYFF provide an increasingly objective basis for assessing organizational performance, with the ROAR recording and assessing progress made against intended results. The SRF as such emerges as a tool for both planning and managing results organization-wide. Based on the lessons learned from the first SRF roll-out and the 1999 ROAR, work is under way to refine the SRFs. The Evaluation Office will continue to be involved in this task in collaboration with the Bureau for Development Policy (BDP) and other units.

7. Working closely with the country offices was the most pressing challenge to ensure that RBM is effectively operational. An exceptionally unified team managed the roll-out of the SRF to country offices, with the Bureau of Management (BOM), the Operations Support Group (OSG) and the Evaluation Office playing key roles. The Office took the lead in providing guidance in methodology, staff resources for intensive training and facilitating the development of a virtual network to allow the exchange of information between country offices and headquarters. As RBM moves into a more operational phase, the responsibility of coordinating the SRF/ROAR process in the organization has now been assigned to OSG.

8. Driving the culture of results-orientation in the organization means also the re-alignment of existing practices, tools and processes. This is an ongoing task for many parts of the organization. As regards monitoring and evaluation practices, the Evaluation Office has initiated a process to revise the *Results-oriented Monitoring and Evaluation Handbook* so that existing monitoring and evaluation practices are aligned with results-based management approaches.

B. Substantive accountability

9. Enhancing substantive accountability presents an ongoing challenge for UNDP. While currently no comprehensive framework exists for ensuring substantive accountability, the SRF, the ROAR, and the emphasis on objective performance through the use of indicators are emerging as the cornerstone of such a framework.

10. The Evaluation Office plays an important role in promoting and re-enforcing this framework through the development of various monitoring and evaluation tools and methodologies. Some, such as the system of evaluation compliance, are currently in place while others are in the developmental stages.

1. Evaluation compliance and evaluation plans

11. A core instrument of substantive accountability is provided through the systematic monitoring of evaluation compliance. A 71 per cent rate of strict compliance was attained for the project approval period 1990, exceeding the target of 70 per cent (see annex 1). The annex reveals that the number of evaluation reports received by the Evaluation Office increased substantially in 1998 and 1999 compared with the 1996-1997 period. Comparing 1990 with 1988-1989, the BDP rate of compliance more than doubles to 73 per cent. Asia and the Pacific increases from 67 to 72 per cent while Africa falls slightly to 73 per cent and Latin America and the Caribbean declines from 58 per cent to 50 per cent.

12. When reassessed in the context of the introduction of RBM, it is clear that there is a need to extend mechanisms for substantive accountability further. Some progress has been achieved through the introduction of evaluation plans although they have yet to achieve their full potential.

13. Evaluation plans are designed to provide relevant advance information on the areas in need of assessment. While traditional compliance reporting involves a long time lag, often six or seven years, in its assessment of performance, evaluation plans furnish a more timely instrument for country-level substantive accountability. Evaluation plans could also provide a tracking framework to link recommendations to decision-making processes and implementation. They were made a requirement in 1998 and were included in the UNDP Programming Manual in April 1999.

14. This instrument permits the calculation of the proportion of mandatory evaluations to be conducted, broken down by regional bureau; initial performance figures for 1999-2001 will be presented next year. Preliminary estimates of the breakdown by area of focus of evaluations planned in 1999 show differences in emphasis across bureaux. For example, poverty is the largest area for Africa, accounting for 41 per cent of planned evaluations, followed by environment while governance ranks highest for Arab States, at 50 per cent, and for both Latin America and the Caribbean and Asia and the Pacific, at over one third of planned evaluations.

15. The assessment of country office evaluation plans, combined with strong encouragement to country offices to submit plans, represents an important step forward. The plans provide an important real-time mechanism for improved accountability by ensuring that the portfolio of evaluations that a country office intends to carry out is consistent with the priorities of UNDP, and is likely to allow lessons to be drawn for future programming. Evaluation plans offer UNDP an avenue through which it will increasingly be possible to offer country offices proactive guidance on the types of evaluation that are likely to be most suitable and draw attention to the existence of similar evaluations conducted by others. The recently established Evaluation Plan Database, now accessible through the Evaluation Office intranet site, allows country offices and other units managing evaluations to prepare their evaluation plans on-line and makes them available more broadly. This will allow users to identify possible areas of collaboration in organizing evaluations addressing similar issues and to identify themselves potential sources of lessons.

2. Methodologies for assessing impact and improving feedback

16. The ROAR provides a systematic assessment of progress made by UNDP against its strategic objectives. This in turn requires the development of complementary tools for impact assessment, which examines how far progress has been translated into concrete developmental changes for the poor. In an attempt to respond to this challenge, in 1999 the Evaluation Office developed a methodology for country-level impact assessments (CLIAs). The CLIA objectives are to: (a) document all UNDP interventions, including policy dialogue and advocacy and (b) identify all factors that have led to the impact in order to draw appropriate lessons.

17. Since October 1999, the Evaluation Office has been testing its methodology for the CLIA in Burkina Faso. Further testing will be conducted in Malawi and in an Asian country. Once this has been completed and the methodology has been refined

appropriately, the Office will conduct three to five assessments a year. The focus on impact and the attention to building in-house capacities to evaluate impact will contribute to the wider promotion of results-based approaches.

18. RBM requires the rapid provision of feedback to allow for corrective steps in policy or implementation. An instrument seeking to respond to this need is the Evaluative Research Programme (ERP) developed by the Evaluation Office in 1999. The ERP is designed to meet the need of UNDP for "just enough knowledge, just in time", providing relevant evaluative knowledge as and when knowledge is needed. It represents an experimental approach to the challenge of making evaluation more relevant to the organization and will provide lessons for policy and strategy formulation more rapidly than is normally feasible. The programme of work was approved in early 2000, on the basis of the ROAR findings, the focuses on governance-poverty linkages and linkages between macro policies and micro-level initiatives.

3. Linking evaluation recommendations to decision-making

19. A key element of substantive accountability concerns effective mechanisms for ensuring that there is effective follow-up to the recommendations contained in evaluations and that progress in implementation is tracked. This requires action with respect to both country-level evaluations and corporate-level strategic and thematic evaluations.

Country-level follow-up

20. The annual project/programme report (APR) provides, in principle, a means of tracking the implementation of recommendations contained in country-level evaluations. While the APR is an essential part of the project cycle, it is clearly not working as it should, and neither is it facilitating the mainstreaming of RBM. Concern at these shortcomings resulted in the decision to conduct a survey of various managers in country offices to assess the extent to which recommendations contained in country-level evaluations are implemented and to identify what the obstacles to effective follow-up might be. The survey revealed that there is no systematic mechanism to ensure that recommendations are acted upon. While several country offices had developed their own semi-formal approaches, including the regular preparation and monitoring of implementation plans setting out an action plan for recommendations contained in each evaluation, most respondents favoured a more systematic approach.

21. The survey highlighted several factors influencing the likelihood of effective follow-up of recommendations, including the quality of the evaluation itself, the relevance and realism of the recommendations, and the degree of ownership felt by the key stakeholders. It was felt that ownership required the full participation of all major stakeholders, and if this was felt to conflict with considerations of objectivity, these conflicts should be addressed openly rather than by curtailing participation.

22. The majority of respondents underlined the value of mid-term evaluations above terminal evaluations, a finding that is consistent with the increased share that mid-term evaluations represent of the total, up from 23 per cent for 1997-1998 to 37 per cent in 1999. It is also consistent with the emphasis the Evaluation Office has placed on the need for evaluation to provide managers with relevant information when they need it. While mid-term evaluations are seen as highly relevant, with the

potential to assist mid-course corrections, they are often not acted upon. A possible function of the evaluation plans could be to provide a system of accountability that tracks whether recommendations are being followed upon. Terminal evaluations remain important as a source of generic lessons and for overall accountability.

Corporate-level follow-up

23. The programme of strategic and thematic evaluations managed by the Evaluation Office during 1999 and the first six months of 2000 corresponds closely to the strategic priorities of UNDP as revealed both in the MYFF and the Business Plans. It has been developed in close dialogue with UNDP senior managers. The mechanism to ensure that evaluation recommendations are fed into decision-making includes the preparation of action briefs by the Evaluation Office, summarizing the main findings and recommendations of each evaluation as well as their corporate implications. Action briefs are submitted to the Executive Team for appropriate decision. The Evaluation Office keeps a record of the discussions and decisions made in this form to facilitate the monitoring of implementation. For evaluations presented to the Executive Board, formal management responses are now being prepared and submitted with the evaluation reports.

24. The major strategic and thematic evaluations conducted during the 1999-2000 period include those on post-conflict situations, decentralization and good governance, the UNDP/UNOPS relationship, the subregional facilities (SUREs), as well as the evaluations of aid coordination and of the UNDP global programme conducted by BDP, and which BDP will present to the Executive Board.

Post-conflict situations

25. Based on emerging corporate priorities, the Evaluation Office initiated a comprehensive review of the work of UNDP in complex emergencies in late 1998, with a particular focus on reintegration programmes. This strategic review, *Sharing New Ground in Post-Conflict Situations*, was completed in the course of 1999. It provided a critical analysis based on a highly consultative assessment of UNDP programmes in 15 countries as well as broader discussions of UNDP performance with a wide range of actors, such as United Nations specialized agencies, non-governmental organizations (NGOs), funds and programmes, bilateral agencies and government officials.

26. Major recommendations were made in the areas of policy, programming and coordination. The evaluation recommended that UNDP secure its position as a valuable and effective partner in post-conflict assistance by recognizing work in post-conflict situations as an essential part of the core mission and mandate of UNDP, and that this be set out in a clear policy statement. The evaluation concluded that there is no gap between relief and development, that development concerns persist, and UNDP has a critical role to play by being involved at every stage of crisis or post-conflict in a programme country.

27. At the programme level, UNDP is the only agency with a cross-sectoral mandate, enabling it to address the needs of the entire war-affected population, including specific target groups, such as refugees or internally displaced persons (IDPs), in the context of their communities. The evaluation recommended that to achieve this, UNDP must strengthen its community-level, area-based reintegration approaches. It recommended that UNDP redefine the role of the Emergency

Response Division (ERD) in order to enhance coordination and turn it into a strong technical resource unit, clarifying the field backstopping responsibilities of ERD and the regional bureaux.

28. While the evaluation has been valuable in promoting a thorough discussion of the issues, actual decision-making is still in process. The findings and recommendations of the evaluation were presented to the Transition Team and reflected in the Team's report, published in October 1999, and in the Crisis and post-conflict business plan, submitted to the Executive Board at its second regular session 2000 as part of the report of the Administrator on the role of UNDP in crisis, post-crisis and recovery situations (DP/2000/18). The discussion at the session underlined the key issues that remain to be addressed. In response to this, a policy framework paper on crisis and post-conflict situations is being prepared by the Emergency Response Division for presentation to the Executive Board at its first regular session 2001. It will include an analysis of specific management measures in response to the evaluation's findings. Corporate implications of the post-conflict evaluation are highlighted in box 1.

Box 1

Some corporate implications of the post-conflict evaluation

Repositioning

There is a strong demand from partners, programme countries and donors for UNDP to play a significant role in post-conflict situations, both as a coordinator for the United Nations system and as a development agency. The debate about the continuum is over; it is clear that development concerns and interventions persist before, during and after conflicts. UNDP must position itself to respond to the reality that a strong development partner and coordinator are needed at all times.

Mainstreaming

UNDP must effectively mainstream crisis and post-conflict issues throughout the organization. Mainstreaming post-conflict is critical if the organization hopes to address properly the full gamut of interventions — from prevention and peace-building to reintegration and recovery — addressed in the report.

Decentralization and good governance

29. The importance attached to joint evaluation is reflected in the approach taken to assessing performance in the area of decentralization and good governance. UNDP and the Ministry for Economic Cooperation and Development (BMZ) of Germany collaborated in 1999 on an assessment of UNDP support in these areas. The Government of Germany had evaluated its own decentralization projects in 13 countries but the joint evaluation sought to provide a broader view going beyond bilateral concerns.

30. Two key lessons drawn by the evaluation may be highlighted. First, UNDP has a comparative edge over bilateral agencies in addressing issues and providing

support in the politically sensitive areas of decentralization and local governance. Its multilateral impartiality and the goodwill and trust it enjoys in programme countries, among other factors, put UNDP in a position of considerable advantage. Second, the highly cross-sectoral nature of decentralization and local governance requires greater emphasis than ever on closer coordination and stronger operational partnerships among donors. Partnerships need to extend to key actors besides governments, including civil society and the private sector.

31. The evaluation recommended that UNDP concentrate its efforts on providing upstream policy advice to governments, combined with advocacy where needed, and complement this with a series of downstream, field-level operational projects for effective reality-testing. It recommended that UNDP broaden its execution and implementation arrangements to include a greater mix of State, civil society and private sector organizations. Finally, the evaluation underlined the need for greater attention to formal and informal mechanisms for monitoring and evaluation in this complex area.

32. Considerable attention is being given to follow through on the evaluation results, both within UNDP and externally. In keeping with the strategic nature of the evaluation, UNDP and BMZ co-sponsored a seminar in Berlin in May 2000 to present the main results of the evaluation to development professionals and practitioners from developing countries and donor institutions. The results of this seminar are being reviewed, and will form the basis for UNDP action jointly with other partners. Attention is being given to:

- (a) Feeding the results of the evaluation and the seminar into a high-level policy dialogue, inter alia, through the OECD-DAC Working Group on Aid Evaluation, to link the lessons learned to the overall aid policy framework;
- (b) Undertaking joint programmes, including more in-depth studies in a few countries;
- (c) Instituting more systematic feedback and sharing of lessons learned among partners.

Evaluation of the UNDP-UNOPS relationship

33. Another major strategic evaluation managed by the Evaluation Office examined the working relationship between UNDP and UNOPS. It was recognized that a comprehensive understanding of the institutional cooperation between the two organizations necessitated very close dialogue at all stages. The preparation process for the evaluation was highly consultative, including finalizing the terms of reference, the selection of evaluators and the choice of countries to be visited. The close dialogue has contributed to strong commitment made by both institutions to following up on the evaluation findings and recommendations, and made concrete in the establishment of a joint working group.

34. The evaluation emphasized the importance of addressing divergences in perception and building trust, as well as of clarifying the delineation of responsibilities between the two institutions. Institutionally, the evaluation team found considerable overlap between the two organizations, but also strong work in post-conflict situations and the building of national execution. The report made far-reaching recommendations on the roles and responsibilities of the two organizations on institutional arrangements and on key management and financing issues.

35. Reflecting the complex and sensitive nature of the evaluation, UNDP and UNOPS jointly presented a first management response to evaluation to the Executive Board. Debate is continuing and issues remain to be settled, but a mechanism for ensuring concrete progress has been established, through a joint task force, established by the Administrator and the UNOPS Executive Director. The Board has considered two documents so far on this matter: a joint review of the recommendations (DP/2000/CRP.8) and an updated review of the implementation of the recommendations of the Board of Auditors (DP/2000/26). A report on the follow-up to the evaluation (DP/2000/35) is before the Board at its current session.

Review of the subregional resource facilities (SURFs)

36. The Evaluation Office carried out an assessment of the SURF system, the key UNDP knowledge management initiative, which began full operations in 1999 as part of the 2001 change process. The review indicates that the SURFs currently provide a mix of technical services and knowledge referral services and that they have been more successful in delivering technical services to country offices. It recommended that the SURFs specialize in this aspect. The review, however, underlined that UNDP has not yet developed a coherent vision for knowledge management and examined way in which the SURF system could contribute to a strengthened knowledge management process.

37. The recommendations suggest two strategic interventions to ensure the successful implementation of an organizational knowledge management system. The first emphasizes the organization of efficient delivery of high quality advisory functions, whereby SURFs have access to multidisciplinary expertise, which can be accomplished with decentralized BDP professionals. The second set of recommendations concentrates on the essential elements required for a knowledge management system, and how this should be managed within UNDP. The recommendations will be submitted to the Executive Team, which will consider how they can be implemented most effectively and, subsequently, to the Executive Board.

Evaluations of aid coordination

38. UNDP and the World Bank undertook parallel evaluations in 1999 of their respective coordination mechanisms, the round-table mechanism (RTM) and the Consultative Group meetings. This was managed by the BDP Management Development and Governance Division (MDGD). UNDP and the World Bank worked separately and produced two reports, which were subsequently presented to the OECD/DAC. The evaluation of the RTM found that the mechanism has contributed to facilitating countries' efforts to defining their policies and programmes despite the fact that its follow-up mechanism remains relatively weak.

39. To follow-up on the findings and recommendations of the two reports, the OECD/DAC, the World Bank and UNDP jointly organized the Development Partnership Forum in December 1999. Forum participants reviewed their experiences with aid coordination processes in light of the findings and recommendations of the two evaluations. To build on the momentum of the Forum, each of the co-sponsoring organizations has agreed to strengthen their cooperation. The general approach of UNDP to achieving effective coordination will involve providing relevant data for informed decision-making, organizing forums for

consensus-building among development partners, and building up and complementing, where necessary, national capacity for effective information processing and decision management for development. Specifically, UNDP has pledged to promote country ownership in development cooperation and coordination and will work with its multilateral and bilateral partners to strengthen national capacities to that end.

C. Organizational learning and partnerships

40. UNDP is committed to transforming itself into a learning organization, but currently lacks a fully developed framework for knowledge management, as highlighted in the review of the SURFs. Much work remains to be done. Two elements designed so far to address this gap are the reorganization of BDP, including the development of a decentralized network for policy support, and broader attempts to turn information into readily usable knowledge.

41. A central focus of the work of the Evaluation Office has been to develop knowledge products relevant to the needs of practitioners and to enter into partnerships to promote knowledge networks and joint interventions critical to the achievement of development outcomes.

42. Within the organization, the contribution of the Evaluation Office to knowledge management includes the design of products, such as the publication *Essentials*, which distil lessons and deliver them in reader-friendly format. The range and quality of information available through the Evaluation Office web site has been improved, including by providing access through the web site to the Central Evaluation Database (CEDAB).

43. A survey of country offices was conducted to respond better to their needs for relevant and practical lessons. *Essentials* was launched to provide concise information of direct, practical relevance to frontline country-office staff and their counterparts. The themes covered included small and medium-size enterprise development, entrepreneurship development, and microfinance. Each *Essentials* draws upon CEDAB to highlight key findings based on UNDP experience but is also designed to provide an entry into lessons learned by other United Nations agencies, the World Bank, and academic research. Very positive feedback on the value of *Essentials* has been received from UNDP country offices and also governmental and non-governmental partners. *Evaluation Update*, a newsletter published by the Evaluation Office three times a year, has also contributed to making evaluation knowledge more accessible and usable to practitioners and policy makers in UNDP.

44. The Evaluation Office has a regularly maintained internet and intranet web sites that provide an on-line dissemination vehicle for these and other products as well as the final versions of major strategic and thematic evaluations conducted. The web site, significantly enhanced to include a search facility, is also the gateway to such on-line tools as CEDAB and the Evaluation Plan for use by country offices. CEDAB requires substantial further development in order to conform to RBM, and more needs to be done to make it into an Internet platform that brings suppliers and users of information together in real time. Further work is required in order to exploit its potential as a knowledge-exchange system.

45. A further important component of the strategy for improved learning and knowledge dissemination has been the strengthening of the UNDP Evaluation Network (EVALNET), which took place in December 1998. A series of three workshops was held in 1999 that enabled its 32 members to have a common understanding of the objectives of the network as a mechanism for promoting organizational learning. Since then, EVALNET members have been active in three areas. First, they have participated directly as team members in country-level evaluations and reviews, and through participation in corporate exercises managed by the Evaluation Office, such as the pilot-testing of the methodology for country-level impact assessments. Second, they have provided substantial expert input into the review of a wide range of documents and resources relating to monitoring and evaluation. Finally, EVALNET members have provided substantive and logistical support to evaluation missions.

46. An internal review has pointed to the need to increase opportunities for more frequent direct participation of EVALNET members in evaluations and related activities outside of their duty stations, to enable better cross-fertilization of ideas and to help to promote the culture of a learning organization. More dynamic and interactive exchange of knowledge will be promoted through greater use of information technology.

47. A key element of the Evaluation Office approach to learning and knowledge dissemination has centred on the building of focused partnerships. Thus the Office has worked collaboratively with a considerable range of partners, with the specific purpose of enhancing the ability of UNDP to gather knowledge, learn lessons and effect change. In the area of country-level impact assessments, for instance, UNDP has been in close contact with counterparts in the World Bank and USAID, the United States Agency for International Development in order to draw on the results of their recent initiatives focusing on impact assessment. A similar focused approach to partnership was taken with respect to joint evaluations with the BMZ and with the Japan International Cooperation Agency.

48. The Evaluation Office also sought to promote strong alliances and effective partnerships to contribute to evaluation capacity-building. Specifically, this was achieved by jointly sponsoring with the World Bank the Conference on Evaluation Capacity Development at the National Centre for Science and Technology in Beijing in October 1999. It brought together 14 countries from Asia and the Pacific and, by underlining the importance of joint evaluations and partnerships, it is supportive of the moves towards RBM and is thus an approach which will be built upon in the future. The conference recognized the role that evaluation is playing as an essential part of good governance and public sector reform, particularly in promoting transparency and accountability. UNDP focused in particular on the interface between RBM and monitoring and evaluation. In follow-up, UNDP, in partnership with the World Bank, is promoting the development of national development evaluation capacities (see box 4).

49. A further element in the partnership-centred approach involves close UNDP collaboration with the OECD/DAC, particularly with the Government of the Netherlands, to support recipient-led evaluations. While giving full control to the national authorities, this evaluation will also underscore the importance of evaluation capacity development at the national level.

Box 2

Partnerships for learning and knowledge dissemination

The World Bank and UNDP launched an international development evaluation association (IDEA), designed to be an independent organization dedicated to promoting evaluation as a key tool of results-based management in development. IDEA will foster evaluation as an essential instrument of transparency in development. It will also encourage professional networking among donors and developing countries, disseminating best practices, raising evaluation standards, and promoting the exchange of evaluation skills across countries and cultures. Its aims and role will combine the activities of a traditional professional association with a strong developmental role aimed at expanding evaluation capacity in developing countries.

D. Evaluations by programmes and funds

50. UNDP has an important role to play in overseeing the evaluation function of funds and programmes and ensuring that they conform to the norms and standards set by the organization for that purpose. In the past, there has been regular dialogue but this has not led to a fully developed, coherent approach. This has been recognized, and UNDP is responding to it: for example in the recent development of new guidelines for monitoring and evaluation, consistent with those of UNDP, by the United Nations Volunteers (UNV) and the Global Environment Facility (GEF). As part of the presentation of the ROAR to the Executive Board at the annual session 2000, a conference room paper was submitted, setting out objectives and indicators for funds and programmes to ensure alignment with the SRF and ROAR methodologies (DP/2000/CRP.10). The Evaluation Office, in particular, is also in dialogue with the associated funds and programmes to ensure that the lessons learned from pilot or innovative programmes are effectively scaled up in the wider organization. This knowledge link of empirical evidence provided excellent inputs for *Essentials*.

51. In line with the increased focus on organizational and development effectiveness, the funds and programmes associated with UNDP were asked to provide specific examples of how evaluation activities were intended to contribute to improved effectiveness. In particular, the funds and programmes were requested to highlight how recommendations contained in evaluations have resulted in concrete changes in approach or policy, and how this can be further enhanced. Their responses reflect a careful effort to move beyond the descriptive and a consideration of how evaluations can contribute to improved results. This reorientation will be built upon in subsequent annual reports.

52. In 1998, a major external evaluation of the United Nations Capital Development Fund (UNCDF) was carried out by its donors. The external team of consultants finalized their report in June 1999 and concluded that UNCDF had developed "competence in the fields of decentralization and local governance, together with microfinance". Of particular interest are the mechanisms for following up on the recommendations contained in the report, which determine whether the

evaluation will contribute towards improved effectiveness. The conclusions and recommendations were incorporated into the report of the Administrator (DP/1999/37), of which the Executive Board took note with appreciation in its decision 99/22. The evaluation was not seen as a single event by UNCDF, but as part of a long-term process of establishing its comparative advantage, developing and refining policies, and increasing its effectiveness in delivering programmes and ensuring their replication and scaling-up within UNDP more generally. Following decision 99/22, UNCDF prepared its Action Plan 2000, which set out the strategy, actions and deadlines necessary to implement each recommendation from the evaluation. Teams have been established and progress reports are prepared on a quarterly basis. The recommendations were also incorporated into the UNCDF strategic results framework, 2000-2003, its identification and approval process has been modified, and the UNCDF structural organization has been refined.

53. UNCDF has also conducted an evaluation of its MicroStart programme and 15 project evaluations. The MicroStart evaluation was completed in November 1999 and the recommendations have been included in the Action Plan 2000, resulting in several changes in practice, including the incorporation of a limited set of objective performance indicators that will guide the release of funds in tranches. Mechanisms are being set up to ensure that findings from project evaluations contribute to change — 15 were completed in 1999 — including debriefings of headquarters staff by evaluation teams and annual publication and wide distribution of evaluation summaries.

54. The Strategy and Business Plan, 2000-2003, of the United Nations Development Fund for Women (UNIFEM) seeks to link its results-based and knowledge management focus with its evaluation system. UNIFEM evaluation activities in 1999 focused on three areas: (a) evaluations of projects at the national or local level, covering innovative pilot approaches to women's empowerment and gender equality; (b) evaluations of regional programmes; and (c) evaluations of thematic initiatives across regions, reviewing policy, practice and programme approaches. An evaluation of gender-based violence in Latin America and the Caribbean illustrates how evaluation recommendations have resulted in changes in approach at the level of a regional project. The evaluation highlighted structural weaknesses in the management of the regional initiatives, which were then discussed by an inter-agency committee in New York (involving UNIFEM, UNDP, UNICEF and UNFPA) as well as UNIFEM field office staff. As a result, the second phase of the project was re-designed, involving the decentralization of the management structure. UNIFEM uses evaluation debriefings to ensure that evaluation results are shared and can contribute towards changing policy and practice. It has drawn up plans to provide summary reports and facilitate dialogue through the Internet on evaluation findings.

55. The Global Environment Facility carried out 20 evaluations in 1999, half covering specific projects, and the remainder assessing broader or thematic performance. Efforts have been made to ensure that evaluation findings are followed through and that they result in improvements in policy and approach. A good example of this is the UNDP/GEF Project Implementation Review, conducted in 1999, which recommended the need for increased emphasis on identifying and incorporating indicators on progress and impact, a flexible, phased approach and a longer time span for implementation, and the importance of moving from a project-approval culture towards a system that emphasizes results. As a consequence,

UNDG/GEF headquarters supported three project-level indicator-retrofitting workshops in 1999, and held a logframe-training workshop in December 1999. The importance of flexible, phased approaches was accepted by all three GEF implementing agencies, and the design of new projects reflects this, with the incorporation of clear benchmarks. The GEF Council has requested that the GEF Monitoring and Evaluation Coordinator report on implementation, representing an important policy shift. In response, the GEF has launched a "driving-for-results" initiative, and a workshop will be held in June 2000 to develop a corporate action plan.

56. The evaluations conducted by the United Nations Office to Combat Desertification and Drought (UNSO) in 1999 included a mid-term assessment of the UNSO/UNV programme Promoting Farmer Innovation under Rainfed Agriculture in the drylands of sub-Saharan Africa. As well as documenting achievements, the evaluation indicated areas requiring action, including weaknesses in linkages between the programme and research institutions. A protocol has thus been developed with key research institutions to facilitate impact assessment and the validation of innovations that have been identified. In addition, Phase II of the project will give greater emphasis to feeding findings into the policy-making process and to promoting the integration of agriculture sector policies into the areas of extension, research and food security.

57. Increased weight has been given to learning from evaluation with respect to the Multilateral Fund for the Implementation of the Montreal Protocol, as witnessed in the decision to replace the Executive Committee's Subcommittee on Financial Matters with the Subcommittee on Monitoring, Evaluation and the Finance Subcommittee. As a result, in 1999 the Senior Monitoring and Evaluation Officer has synthesized the lessons learned from each project, and submitted recommendations to the Executive Committee. The outcome has been an enhanced ability to ensure that lessons directly contribute to the reformulation and updating of current policy and practice.

58. The United Nations Volunteers Programme (UNV) conducted a range of strategic and project reviews in 1999, funded through a new evaluation facility established pursuant to Executive Board decision 98/13. This has enabled UNV to test innovative methods of evaluation, and has resulted in particular in beneficiary participation in the preparation of terms of reference and the design of evaluations. It has contributed to ensuring that recommendations reflect the concerns and interests of the targeted groups, and increased ownership of the follow-up actions. Furthermore, UNV updated and expanded its guidelines for monitoring and evaluation based on the UNDP handbook, *Results-oriented Monitoring and Evaluation*, and is currently incorporating them into the monitoring and evaluation processes in UNV.

III. Assessment of UNDP development effectiveness

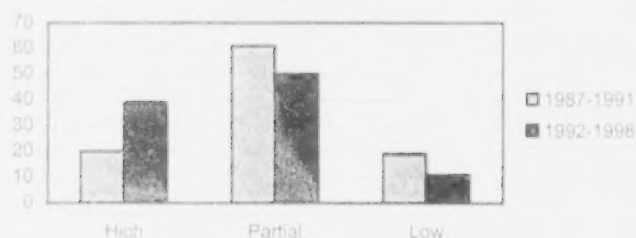
59. Evaluation reports represent an important source of evidence through which UNDP performance can be systematically assessed. For the first time in the annual report evaluation, the present chapter contains an analysis of key elements of UNDP performance and factors affecting this performance. It is based on the portfolio of evaluations received by the Evaluation Office and entered into CEDAB. A more

comprehensive report is contained in a conference room paper submitted to the Executive Board at the current session (DP/2000/CRP.15).

60. In line with the DAC guidelines, overall performance can typically be judged according to various criteria, including the achievement of outputs, of immediate objectives, impact, relevance and efficiency, among others. Further work is required to ensure full alignment between this evaluation-based assessment and the concept of outcomes and the categories of activities used in the SRF.

61. Figure 1 reveals encouraging evidence of a significant improvement in UNDP performance over the past decade. It compares the performance of all projects approved during 1987-1991 with that of more recent projects, designed and approved between 1992-1998. Newer projects were virtually twice as likely to show significant achievement of their immediate objectives than older projects, with the share of high-performing projects almost doubling from 20 per cent for 1987-1991 to 39 per cent for 1992-1998. This increase in performance was achieved not simply by reducing the share of projects that were ranked as only partially achieving their objectives, but by achieving a reduction in the proportion of projects ranked "low" i.e., from 19 per cent to 11 per cent.

Figure 1: Achievement of immediate objectives:
A comparison over time
(percentage)



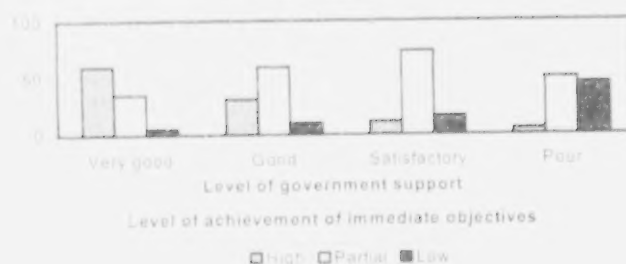
62. UNDP performance has improved for both nationally executed and non-nationally executed projects. However, the absolute level of performance for nationally executed projects is substantially higher for both time periods, and thus the increasing share of nationally executed projects in the overall portfolio of UNDP contributes to the large improvement in overall performance in the 1990s. For the 1992-1998 period, 46 per cent of nationally executed projects achieved their immediate objects to a high degree compared with 29 per cent of non-nationally executed projects.

63. The higher level of performance of nationally executed projects reflects the positive attributes of the NEX modality, as documented in an evaluation of nationally executed projects carried out in 1995. These include the increased levels of ownership and self-reliance associated with nationally executed projects, which have strengthened capacity-building effects and improved sustainability. At the same time, it is recognized that there remains a need to simplify and improve the modality itself, given the many problems associated with it, as highlighted in a recent audit of nationally executed projects. The EVALNET survey noted that the dialogue

concerning the recent generation of nationally executed projects concentrated more on institutional issues and modalities for effective management, and less on the volume of equipment and assistance being provided.

64. The importance of ownership in shaping levels of performance is strongly revealed in the evaluation evidence. The analysis of the entire portfolio of terminal and *ex post* evaluations reveals that there is a strong correlation between the achievement of immediate objectives and the extent to which the project is owned by project partners, as measured by an assessment of the level of government support. Figure 2 illustrates this relationship clearly, showing that 60 per cent of all interventions that enjoyed a very good level of government support achieved their immediate objectives to a high degree, and only 5 per cent were poor performers. Equally, nearly half of all interventions enjoying a poor level of government support received a low rating for the achievement of immediate objectives, and only 5 per cent of poorly supported projects were estimated to have achieved their objectives to a high degree.

Figure 2: Achievement of immediate objectives by level of government support (percentages)



65. The portfolio of evaluations shows that nationally executed projects tend to enjoy greater government support with almost 70 per cent of all nationally executed projects receiving very good or good support, on average, 19 per cent satisfactory support and only 12 per cent poor support. Non-nationally executed projects, on the other hand, received significantly lower levels of support with 42 per cent receiving very good or good support, 43 per cent satisfactory support and 15 per cent poor support. The higher performance of nationally executed projects can be attributed to the greater involvement of national institutions in all project stages, from formulation to implementation.

66. The quality of project management is also an important determinant of the ability of UNDP and its partners to achieve their immediate objectives. Of all projects evaluated as having been very well managed, nearly two thirds were rated as significantly achieving their immediate objectives, and only 3 per cent were rated poor. The inverse was true of projects evaluated as having poor standards of project management, where only 3 per cent significantly achieved their objectives, and 58 per cent were rated as poor. The quality of project design is a further factor influencing performance although the correlation is somewhat weaker than for ownership and project management. Almost half of all projects evaluated as having

been poorly designed also ranked as poor in terms of achieving their immediate objectives, compared with only 13 per cent of very well- or well-designed projects.

67. This evaluation-based evidence of performance may be used in comparisons with other organizations. There are many difficulties in making direct comparisons, including the lack of common benchmarks, differences in institutional culture and the degree of independence and self-criticism reflected in ratings. Direct comparisons must therefore be treated with great caution, and an alternative is to compare trends in performance that have been measured using the organization's own criteria.

68. The share of UNDP projects rated as having significantly or satisfactorily achieved their immediate objectives increased from 81 per cent for those approved between 1987-1991 to 89 per cent for 1992-1998. Comparable data is collected and analysed by the Department for International Development (DFID) of the United Kingdom and the World Bank. The DFID analysis also shows an upward trend in performance, with the share of projects rated satisfactory or better rising from about 66 per cent (1979-1988), to 73 per cent (1989-1992), and approximately 75 per cent for 1993-1997.

69. The methodology used in the World Bank *Annual Review of Development Effectiveness* (1999) differs from those of UNDP and DFID, emphasizing performance in terms of outcome, and grouping results by year of project exit rather than year of approval. The World Bank measure of performance also reveals an upward trend in performance over time, with the proportion of dollars lent that were rated as having achieved satisfactory or better outcomes increasing from 72 per cent for 1990-1993, to 77 per cent for 1994-1997, and 81 per cent for 1998-1999.

IV. Directions for the future

70. The role of evaluation, and of the Evaluation Office in particular, continues to be critical to the organization. In order for evaluation to play its role effectively and build upon on the progress noted in the present report and the lessons learned, the following strategic directions will be pursued:

(a) *A continuing emphasis on strengthening results-based management in UNDP.* The Evaluation Office will assign priority to the work of aligning more tightly its instruments for monitoring and evaluation with the results-based orientation of UNDP. A commitment to technical excellence in the complex area of RBM must be complemented with efforts to integrate effective monitoring and evaluation into the core management concerns of country offices and headquarters. There is a key challenge here to mainstream the culture of measurement, monitoring and evaluation in the organization. This will include utilizing country office evaluation plans proactively for alignment with organizational goals and providing necessary technical guidance and methodological support. Additional efforts will also be made to ensure that the evaluation-based assessment of UNDP performance at the macro level is further aligned with the strategic results framework. In this way, analysis of evaluation evidence should prove increasingly complementary to the results-oriented annual reports (ROARS).

(b) *A renewed commitment to partnerships.* Although, as described in this report, considerable progress has been made in nurturing and promoting

partnerships, it is clear that a more concerted effort is necessary in the future to extend these partnerships to the whole organization — by the Evaluation Office and other organizational units at headquarters — and to give greater encouragement to country offices to pursue joint evaluations as they move towards regular assessment of key outcomes in line with the challenges posed by RBM (and as highlighted by the 1999 ROAR). Partnerships in evaluations, in lessons learned and in methodology development are central to deepening the knowledge base of development aid.

71. There is also a more general need for evaluation to tackle broader organizational issues and to provide evaluative perspectives on the transformation under way in UNDP. This will require focusing evaluation and monitoring policy, strategy and priorities to help in the repositioning of UNDP and to enhance its relevance as a knowledge-driven global adviser and catalyst. The assessments, evaluations and knowledge products to be generated must be more directly targeted towards this goal.

Annex I

Evaluation compliance

Introduction

1. The present report is the fifth on evaluation compliance submitted to the Executive Board. It provides information on the progress on compliance with the requirement of mandatory evaluation for the portfolio of projects approved in 1990, 1991 and 1992. As stated in the previous report (DP/1999/17), there will not be any further reporting on the performance of the 1988-1989 portfolio, which surpassed the target of 70 per cent set for the end of 1998. Thus, the reporting on compliance is limited to three portfolios, namely projects approved in 1990, 1991 and 1992. The presentation of the data follows the same format as previous analyses (DP/1996/CRP.7, DP/1997/16/Add. 4 (annex II), DP/1998/19 and DP/1999/17).

I. Collection of reports and extraction of data

2. The Central Evaluation Database (CEDAB) is an institutional memory, based on in-depth evaluations of the relevance, performance and success of UNDP-supported programmes and projects. The Project Evaluation Information Sheet (PEIS), is an abstract of the full evaluation report, which — when completed — enables the Evaluation Office to enter the data pertaining to every project/programme evaluation in CEDAB.^a

A. Global analysis

3. The Evaluation Office received a total of 2,344 evaluation reports for the period from 1986 to 1999 (table 1) as against the 2,085 reported last year. The increase by 259 in the number of reports is due mainly to the receipt of 141 reports for evaluations conducted in 1999 and 59 additional reports for 1998.

Table 1
Total number of evaluation reports received by the Evaluation Office by year of evaluation

1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total
209	158	159	193	263	241	200	145	149	149	106	87	144	141	2 344

4. Table 2 shows the number of reports that have been processed, by year of evaluation, i.e., the number of reports for which the PEIS has been completed and the data has been entered into CEDAB. The corresponding data-processing rates

^a The evaluation team leader must submit, together with the full evaluation report, a PEIS based on the evaluation report. The country office or headquarters unit that managed the evaluation should ensure compliance with the requirement of submission of the PEIS (Section 7.4.6 of Chapter 7 of the UNDP Programming Manual).

(number of reports processed as a percentage of the number of reports received) are given in table 3.

Table 2
Number of reports processed, by year of evaluation

1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total
59	87	134	148	207	166	158	97	87	98	73	45	65	73	1 497

Table 3
Data-processing rates, by year of evaluation (percentage)

1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Average
28	55	84	77	79	69	79	67	58	66	69	52	45	52	64

5. The average rate of data processing for the evaluations conducted from 1986 to 1999 is 64 per cent (table 3) compared to 67 per cent for the evaluations conducted in the period 1986-1998. The Office of Evaluation and Strategic Planning (OESP) (now the Evaluation Office) centrally managed the processing of data from reports of evaluations conducted until 1996.

B. Breakdown of evaluation reports provided by bureaux

6. The Regional Bureau for Africa (UNDP-A) was the leading annual contributor until 1992, after which the Bureau for Asia and the Pacific (UNDP-AP) assumed the lead (table 4). With an increase of 16 per cent in the total number of reports received from UNDP-AP, this Bureau has become the largest overall contributor for the period 1986-1999.

Table 4
Number of evaluation reports received, by bureau and year of evaluation

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total
UNDP-A	78	74	78	90	140	114	85	40	58	41	35	12	28	19	892
UNDP-AP	77	52	57	63	77	94	78	70	67	57	33	48	76	66	915
UNDP-AS	18	22	9	9	21	12	18	10	7	11	19	12	13	4	185
UNDP-ECIS	11	5	1	0	1	0	1	1	0	4	0	0	9	30	63
UNDP-LAC	20	3	14	29	23	17	16	15	14	23	14	15	17	21	241
BDP	5	2	0	2	1	4	2	9	3	13	5	0	1	1	48
Total	209	158	159	193	263	241	200	145	149	149	106	87	144	141	2 344

7. Table 5 shows the number of evaluation reports, by bureau and evaluation year, for which the PEIS has been completed and the information has been entered in CEDAB.

Table 5
Number of evaluation reports processed, by bureau and by year of evaluation

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total
UNDP-A	14	38	64	72	110	64	64	28	33	36	25	5	16	15	584
UNDP-AP	34	39	50	48	64	80	70	57	50	47	29	27	32	27	654
UNDP-AS	7	5	9	5	18	8	10	5	0	9	17	8	2	2	105
UNDP-ECIS	2	2	1	0	0	0	1	1	0	0	0	0	5	15	27
UNDP-LAC	1	2	10	23	14	14	12	6	4	6	2	5	10	14	123
BDP	1	1	0	0	1	0	1	0	0	0	0	0	0	0	4
Total	59	87	134	148	207	166	158	97	87	98	73	45	65	73	1 497

8. Table 6 presents the rates of extraction (number of reports processed as a percentage of the reports received) by bureau. It can be observed that UNDP-AP maintains the lead in the overall rate of extraction with 71 per cent, followed by UNDP-A with 65 per cent. The positive performance of UNDP-ECIS (Bureau for Europe and the Commonwealth of Independent States) should be noted, with rates of extraction for 1998 and 1999 of 56 and 50 per cent, respectively.

Table 6
Rates of extraction, by year of evaluation (percentage)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Average
UNDP-A	18	51	82	80	79	56	75	70	57	88	71	42	57	79	65
UNDP-AP	44	75	88	76	83	85	90	81	75	82	88	56	42	41	71
UNDP-AS	39	23	100	56	86	67	56	50	0	82	89	67	15	50	57
UNDP-ECIS						Not meaningful							56	50	53
UNDP-LAC	5	67	71	79	61	82	75	40	29	26	14	33	59	67	51
BDP						Not meaningful									

C. Findings

9. The number of reports received annually shows a declining trend during the period 1991-1997. A shift in this trend occurs in 1998 when the number of reports received exceeded those received in 1997 by 66 per cent. The requirement that evaluators complete a PEIS is still not observed for all the evaluations conducted, limiting the growth of the institutional memory of lessons learned from evaluations in CEDAB.

II. Coverage

A. Existing rules

10. In the *Results-oriented Monitoring and Evaluation: A Handbook for Programme Managers* and in chapter 7 of *Monitoring, Reporting and Evaluation of the UNDP Programming Manual*, it is stated that a project with any of the following characteristics should be subject to mandatory evaluation: (a) scale of resources — i.e., programmes and projects with budgets of \$1 million or more and (b) duration of technical cooperation, i.e., cooperation that has been provided to a particular institution for 10 years or more. The present report presents the data regarding the projects falling under the criterion noted in (a).

B. Time-frame

11. Table 7, which shows the year of evaluation of the projects approved from 1988 to 1998, confirms the need for a 10-year period to complete the collection of evaluation reports relating to a specific year of project approval. This results from the flexibility in the timing of the evaluations (mid-term, terminal and ex-post).

Table 7

Number of evaluation reports received, by year of project approval and year of evaluation

Year of evaluation	Year of project approval										
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
1988	1										
1989	15										
1990	75	11	1								
1991	70	56	14	1							
1992	34	58	46	9							
1993	23	27	41	29	8	1					
1994	13	16	24	40	36	6					
1995	4	4	15	24	73	16	7	3			
1996	5	9	15	11	18	29	14	2			
1997	0	2	2	15	24	17	9	8	7	2	
1998	4	5	13	9	16	20	15	21	13	24	
1999	2	1	7	4	13	17	6	19	23	36	13
2000			1						1	2	2
Total	246	189	179	142	188	106	51	53	44	64	15

C. Mandatory and other evaluations

12. A decrease in the number of reports on mandatory and non-mandatory evaluations received by the Evaluation Office for the project approval years 1988 to 1991 is shown in table 8. However, a 98 per cent increase is observed in the number of reports on non-mandatory evaluations received for the portfolio of projects approved in 1992 over those received for the approval year 1991.

Table 8
Number of evaluation reports received, by year of project approval

	<i>Year of project approval</i>					<i>Total</i>
	<i>1988</i>	<i>1989</i>	<i>1990</i>	<i>1991</i>	<i>1992</i>	
Mandatory evaluations	171	133	127	95	95	621
Non-mandatory evaluations	75	56	52	47	93	232
Total	246	189	179	142	188	944

D. Financial coverage of projects subject to mandatory evaluation

13. The sources of the financial data for projects approved in the period 1988-1992 are: (a) the annual reports of the Administrator to the Executive Board on programme implementation, and (b) the programme information profiles issued by the Division for Administrative and Information Services (DAIS) at the request of the Evaluation Office.

14. Tables 9 and 10 show the number of projects of \$1 million or more as a percentage of the total number of projects approved and the financial coverage of these projects, respectively. For the period 1988-1992, the 15 per cent of projects for which mandatory evaluations are required account for an average of 66 per cent of total financial resources allocated to projects.

Table 9
Number of mandatory evaluations as a percentage of the total number of projects approved

	<i>Year of project approval</i>					<i>Total</i>
	<i>1988</i>	<i>1989</i>	<i>1990</i>	<i>1991</i>	<i>1992</i>	
Number of projects approved	1 794	1 437	1 256	1 152	1 395	7 034
Number of projects above \$1 million	257	213	210	160	180	1 020
Coverage (percentage)	14	15	17	14	13	15

Table 10
Financial coverage of projects subject to mandatory evaluation (\$ million)

	Year of project approval					Total
	1988	1989	1990	1991	1992	
Financial resources for all projects approved	808	673	850	631	841	3 803
Financial resources for projects above \$1 million	562	446	526	408	579	2 521
Coverage (percentage)	70	66	62	65	69	66

15. When the calculations are based on evaluations actually conducted the financial coverage for the period 1988-1992 is 48 per cent, representing an improvement over the 44 per cent reported last year.

E. Findings

16. The development on the financial coverage of projects with budgets of \$1 million or more confirms that the criterion for mandatory evaluations, based on the scale of the project resources, is cost-effective.

III. Compliance

A. Global compliance

17. The overall rate of strict compliance for the project approval years 1990 to 1992 is 64 per cent, which is higher than the 53 per cent average rate for these three portfolios in last year report. The portfolio of projects approved in 1990 has attained the compliance target of 70 per cent set for the end of 1999; its rate of strict compliance has improved from the 59 per cent reported last year to 71 per cent. In view of the fact that the 10-year period for the full evaluation cycle has elapsed, there will be no further reporting on the performance of the 1990 portfolio. The rates of strict compliance for the 1991 (from 56 to 64 per cent) and 1992 (from 44 to 56 per cent) portfolios have also improved over those reported last year. A compliance target of 75 per cent has been established for 1991 and 1992, to be attained by the end of 2000 and 2001, respectively.

18. The rates of likely compliance (which take into account the number of reports awaited and the evaluations scheduled in calculating the compliance rate) have improved for all the three portfolios. The average rate of likely compliance for 1990-1992 portfolios combined has risen to 74 per cent from the 65 per cent reported last year for the portfolio of projects approved in the above three-year period.

19. The cases with an unclear evaluation status in the portfolios of projects approved in 1990-1992 have been reduced by 39 per cent (from 143 reported last year to 86). Justifiable explanations for not conducting a mandatory evaluation have been received in 8 additional cases and are shown under the category "evaluations not conducted, with full justification".

Table 11
Strict and likely compliance (numbers and percentage)

	Year of project approval			Total
	1990	1991	1992	
Mandatory evaluations (A)	210	160	180	550
Reports received (B)	127	95	95	317
Not conducted, with full justification (C)	22	8	5	35
Subtotal #1 (B+C)	149	103	100	352
Strict compliance (%): (B+C)/A	71	64	56	64
Reports awaited (D)	5	7	8	20
Evaluations scheduled (E)	14	12	9	35
Subtotal #2 (B+C+D+E)	168	122	117	407
Likely compliance if all reports are received (%): (Subtotal 2/A)	80	76	65	74
Not conducted but other actions	5	3	1	9
Not conducted but explained	22	20	6	48
No clear information	15	15	56	86

B. Compliance by the bureaux

1. Compliance status for project approval period 1990

20. The overall compliance target of 70 per cent set for the end of 1999 has been met; a 71 per cent rate of strict compliance has been attained (table 12). This is due mainly to the positive reaction of UNDP-AP translated in a significant improvement over its rate of strict compliance reported last year (from 47 to 67 per cent). The rates of strict compliance for UNDP-A (from 70 to 75 per cent), UNDP-LAC (from 25 to 50 per cent), and BDP (from 68 to 73 per cent) have also improved. UNDP-AP and UNDP-LAC rates of compliance are below the overall target of 70 per cent.

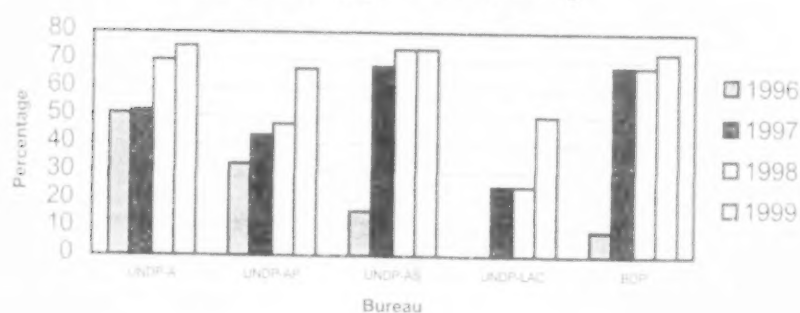
Table 12
Compliance status of the 1990 portfolio, by bureau (numbers and percentage)

	UNDP-A	UNDP-AP	UNDP-AS	UNDP-ECIS	UNDP-LAC	BOP	Total
Projects over \$1 million	69	95	19	1	4	22	210
Evaluations received	38	58	13	1	1	16	127
Not conducted, with full justification	14	6	1	0	1	0	22
Strict compliance (%)	75	67	74	100	50	73	71
Reports awaited	1	2	1	0	0	1	5
Scheduled	4	8	2	0	0	0	14
Likely compliance (%)	83	78	89	100	50	77	80
Other actions	0	1	0	0	1	3	5
Not conducted	4	16	1	0	1	0	22
No clear information	8	4	1	0	0	2	15

21. The overall rate of likely compliance has improved over that reported last year from 74 to 80 per cent.

22. Nineteen cases with an unclear evaluation status have been clarified, thus the total of 34 cases reported last year has been reduced to 15. It should be noted that, of the 19 cases reduced, UNDP-AP provided information on the status of 15 of the projects.

Figure 1. Compliance evolution for the 1990 portfolio, by year of reporting

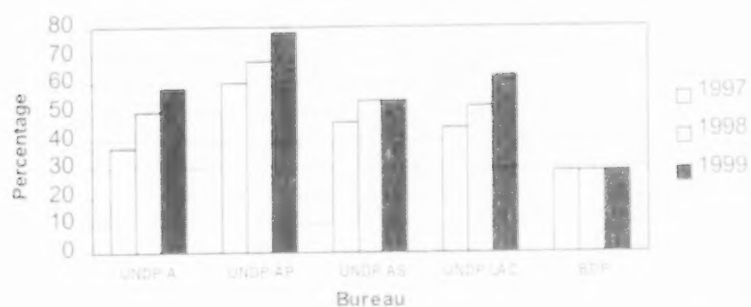


Note: UNDP-ECIS is not included because only one project was subject to mandatory evaluation.

2. Compliance status of the 1991 portfolio

23. The overall rate of strict compliance has increased from 56 to 64 per cent as a result of improvements in the rates of UNDP-LAC (from 52 to 63 per cent), UNDP-AP (from 68 to 78 per cent), and UNDP-A (from 50 to 58 per cent). The rates of strict compliance for UNDP-AS and BDP remain at 54 and 29 per cent, as reported last year. A 75 per cent compliance target has been set for the end of the year 2000.

Figure 2. Compliance evolution for the 1991 portfolio, by year of reporting



Note: UNDP-ECIS is not included because only one project was subject to mandatory evaluation.

Table 13
Compliance status of the 1991 portfolio, by bureau (numbers and percentage)

	UNDP-A	UNDP-AP	UNDP-AS	UNDP-EUS	UNDP-LAC	BDP	Total
Projects over \$1 million	52	60	13	1	27	7	160
Evaluations received	29	42	7	0	15	2	95
Not conducted, with full justification	1	5	0	0	2	0	8
Strict compliance (%)	58	78	54	N/A	63	29	64
Reports awaited	0	2	2	0	2	1	7
Scheduled	5	3	1	1	2	0	12
Likely compliance (%)	67	87	77	N/A	78	43	76
Other actions	1	1	0	0	1	0	3
Not conducted	7	4	3	0	4	2	20
No clear information	9	3	0	0	1	2	15

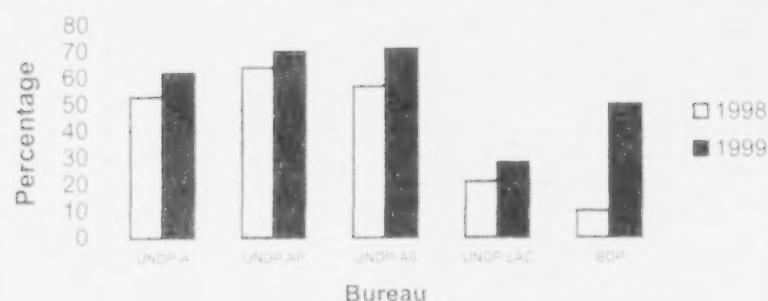
24. The overall rate of likely compliance has improved from 71 per cent reported last year to 76 per cent as a result of improvements in the rates of UNDP-AP (from 78 to 87 per cent) and UNDP-A (from 62 to 67 per cent). The likely compliance rate, estimated at 76 per cent, is very close to the target of strict compliance of 75 per cent set for the end of 2000 for this portfolio.

25. Additional justifications for not conducting evaluations are reflected under the category "evaluations not conducted, with full justification". The number of cases with an unclear evaluation status has been reduced from 24 to 15.

3. Compliance status of the 1992 portfolio

26. The overall rate of strict compliance has increased from 44 to 56 per cent as a result of improvements in UNDP-A (from 53 to 62 per cent), UNDP-AP (from 64 to 70 per cent), UNDP-AS (from 57 to 71 per cent), UNDP-LAC (from 21 to 28 per cent), and BDP (from 10 to 50 per cent). An overall target of 75 per cent for the end of 2001 has been set for this portfolio.

Figure 3. Compliance evolution for the 1992 portfolio,
by year of reporting



Note: UNDP-ECIS is not included because only one project was subject to mandatory evaluation.

Table 14
Compliance status of the 1992 portfolio, by bureau (numbers and percentage)

	UNDP-A	UNDP-AP	UNDP-AS	UNDP-ECIS	UNDP-LAC	BOP	Total
Projects over \$1 million	45	64	7	1	43	20	180
Evaluations received	28	45	4	0	8	10	95
Not conducted, with full justification			1		4		5
Strict compliance (%)	62	70	71	N/A	28	50	56
Reports awaited		1			5	2	8
Scheduled	1	4			4		9
Likely compliance (%)	64	78	71	N/A	49	60	65
Other actions	1						1
Not conducted	1	2	1		2		6
No clear information	14	12	1	1	20	8	56

27. The overall rate of likely compliance has improved from 51 per cent reported last year to 65 per cent although it still falls short of the target of 75 per cent set for the end of 2001.

28. Additional justifiable explanations for not conducting the evaluations have been received and are reflected under the category "evaluations not conducted with full justification".^b The number of projects with an unclear evaluation status has

^b Justifiable reasons for not conducting a mandatory evaluation are: (a) cancellation of the programme or project; (b) the programme or project has been evaluated by a development partner and the substantive concerns of UNDP have been adequately assessed by that evaluation.

been reduced from 85 to 56. However, this is still considered high, particularly for UNDP-LAC and BDP, where the "no clear information" category represents 47 and 40 per cent of their portfolios, respectively.

4. Comparison of three project portfolios: 1990, 1991 and 1992

29. The situation of the three project portfolios reviewed at a similar stage in their development is shown in table 15: the 1990 portfolio as of January 1998, the 1991 portfolio as of January 1999 and the 1992 portfolio as of January 2000. The rates of strict (51 per cent) and likely (63 per cent) compliance for the 1990 portfolio are lower than those reported for the 1991 and 1992 portfolios at similar stages in their development. The number of projects with an unclear evaluation status in the 1992 portfolio is considered high. These cases represent 32 per cent of the 1992 portfolio while the number of projects in the category "no clear information" constitute 28 per cent and 15 per cent of the portfolios for 1990 and 1991, respectively.

Table 15

Three portfolios of evaluations at a similar stage of development
(numbers and percentage)

	1990 as of Jan. 1998	1991 as of Jan. 1999	1992 as of Jan. 2000
Mandatory evaluations (A)	210	160	180
Reports received (B)	90	84	95
Not conducted, with full justification (C)	17	6	5
Strict compliance (%) (B+C)/A	51	56	56
Reports awaited (D)	9	7	8
Evaluations scheduled (E)	17	17	9
Likely compliance if all reports are received (%) (B+C+D+E)/A	63	71	65
Not conducted but other actions taken	4	3	4
Not conducted but explained	14	19	6
No clear information	59	24	56

C. Findings

30. The compliance target of 70 per cent that was set for the end of 1999 has been met by the portfolio of projects approved in 1990. Close attention by management has proven to be a key element for the attainment of the target.

31. The portfolio of projects approved in 1991 has attained a 64 per cent rate of strict compliance and 76 per cent rate of likely compliance. It is anticipated that the overall target of 75 per cent set for the end of 2000 will be attained.

32. The rates of strict and likely compliance attained by the portfolio of projects approved in 1992 of 56 per cent and 65 per cent, respectively, are still below the overall target of 75 per cent set for the end of 2001. The number of projects with unclear evaluation status is high.

D. Follow-up to recommendations contained in last year's report

33. The Evaluation Office has written to the Office for Audit and Performance Review requesting that their audit review reporting include information on institutions that have received UNDP support for 10 years or more. In addition, steps have been taken to identify, through the evaluation plan database referred to in paragraph 35 below, those projects subject to mandatory evaluation on basis of the duration of the UNDP technical cooperation provided to an institution.

34. The Evaluation Office has developed a database providing for on-line reporting by country offices on their three-year rolling evaluation plans. This database is in its final stage of development and will be made available throughout UNDP.

IV. Recommendations

35. The non-compliance with the requirement of completion of the PEIS by the evaluation team leader limits the growth of lessons learned in CEDAB. The Evaluation Office will stress the need for strict observance by country offices and UNDP units managing evaluations of section 7.4.6 (Monitoring, reporting and evaluation) of the *UNDP Programming Manual*.

36. To ensure the timely attainment of the compliance targets set, the Evaluation Office will continue to follow up closely with the bureaux and respective country offices on projects with an unclear evaluation status.

Annex II

List of evaluations/assessments conducted by the Evaluation Office and timetable for future evaluations

Evaluations/assessments conducted in 1999 to June 2000

Evaluations	Essentials
Post-conflict situations	Small and medium-size enterprise development
Decentralization and good governance	Entrepreneurship development
UNDP-UNOPS relationship	Microfinance
Review of the SURF system	Assisting legislatures

Evaluations under way or proposed

- Evaluation of UNDP non-core resources (as requested by Executive Board)
- Development partnerships (in collaboration with UNFPA and UNICEF)
- Assessment of target for resource assignment from the core (TRAC) line 1.4
- Evaluative research programme
 - Governance-poverty linkages
 - Macro-micro linkages

Impact assessments

- Burkina Faso
- Malawi
- One country from the Asia region (to be identified)

Proposed *Essentials*

- Post-conflict situations
- Decentralization and local governance
- Assisting legislatures
- Judicial reforms: improving fairness and increasing access to justice
- Human rights: generating awareness and strengthening institutions
- Electoral assistance: entry point to a broader governance agenda



**Executive Board of the
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Programme and of the
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Item 8 of the provisional agenda

Evaluation

**Progress report on follow-up to the evaluation of the UNDP-
UNOPS relationship: joint review of recommendations**

I. Introduction

1. The present report is submitted pursuant to decision 2000/16 of 23 June 2000, in which the Executive Board requested, *inter alia*, that a progress report be submitted at the third regular session 2000 on the implementation of the recommendations contained in the evaluation of the relationship between UNDP and UNOPS (DP/2000/13).

2. In order to expedite the follow-up on the recommendations of the evaluation, the Administrator and the Executive Director established in March 2000 a task force for this purpose, composed of senior staff from both institutions who would associate other staff as required. The first output of the task force was a joint review of the recommendations, contained in document DP/2000/CRP.8. The present report is the second output of the task force. It has been prepared jointly and covers action taken so far on the recommendations and next steps.

3. Document DP/2000/CRP.8 contains the recommendations of the evaluation report in two categories: (a) those that are acceptable to both institutions and can be acted upon right away, even though their full implementation will require a longer time and (b) those that require further and extensive discussion between the two institutions and, in some cases, consultation with the UNOPS Management Coordination Committee (MCC) and the Secretary-

General. While some progress has been made in the first category, considerable additional consultations between UNDP and UNOPS are required before progress can be made in the second category. The following paragraphs summarize action taken in the two categories of recommendations separately.

II. Recommendations for early action

4. Falling into this category are Recommendation 1, status of UNOPS; Recommendation 2 (d), instructions to resident representatives as representatives of UNOPS; Recommendation 4, Users Advisory Group; Recommendation 6 (c), project management matrix; Recommendation 8, financial reporting; and Recommendation 9, administrative issues.

A. Recommendation 1: Status of UNOPS

5. *The present status of UNOPS as a "separate and identifiable entity" that is "self-financing" and linked to UNDP should be maintained. UNOPS should have full responsibility for its internal management.*

As indicated in document DP/2000/CRP.8, both organizations agree with this recommendation and no specific further action is required. During the discussion on the UNOPS item 13 at the annual session 2000, Executive Board members emphasized the fact



that UNOPS should be allowed maximum flexibility in internal managerial and administrative matters so long as it is adhering to the self-financing principle and the directives of the Executive Board.

B. Recommendation 2 (d)

6. *The Executive Director of UNOPS should issue, in consultation with UNDP, clear instructions on the precise role of the UNDP Resident Representative in his/her capacity as UNOPS Representative.*

At the time of writing, a discussion is under way between the two organizations with the view of finalizing a letter from the Executive Director to resident representatives, detailing the precise role of the Resident Representative as UNOPS representative, in conformity with Executive Board decision 94/12 of 9 June 1994, in which the Board requested UNOPS not to establish a separate administrative apparatus and to work through the UNDP field network, with the Secretary-General directive in this respect contained in his letter of 31 March 1995 to resident representatives and with the terms of the Memorandum of Understanding signed by UNDP and UNOPS on 7 April 1997.

C. Recommendation 4: Users Advisory Group

7. *It is recommended that the Users Advisory Group be maintained. It should be convened by and meet under the Chairmanship of the Executive Director of UNOPS to serve as a regular forum for consultation between UNOPS and its clients. It should meet at least once a year.*

This recommendation has been accepted by the MCC. A meeting of the Users Advisory Group will be held during the fourth quarter 2000, and will include all major clients of UNOPS. The Executive Director will include in his statement to the Executive Board at its current session pertinent information on the details of the event.

D. Recommendation 6 (c): Execution modalities

8. *The respective responsibilities of UNDP and of the executing/implementing entity should be clearly defined for each project in a project management matrix.*

The model project-management matrix has been developed by UNOPS staff and project personnel on the basis of a similar document successfully utilized for establishing the division of labour among governments, UNDP and UNOPS for the implementation of projects and programmes under management services agreements (MSAs). At the time of writing, a discussion is under way between the two organizations with the view of finalizing the matrix and the terms of its adoption in consultation with resident representatives. The matrix will be accompanied by concise instructions of the Executive Director on the use by resident representatives of specific authorities that may be delegated by the Executive Director in relation to the provision of project and programme inputs in the field.

E. Recommendation 8: Financial reporting and Recommendation 9: Administrative issues

9. Facing the Y2K challenge, both UNDP and UNOPS have made an exceptional effort to implement Release 3 of the Integrated Management Information System (IMIS), which replaces the previous general ledger system. As expected in the first year of implementing a new system, the effort of getting complete and accurate data into IMIS has been very demanding and time-consuming. Financial reporting on projects depends heavily on information reported from UNDP country offices. These data flows depend upon country office systems. Since June 2000, UNDP has been engaged in a comprehensive review of its country-office financial and administrative processes, aiming at simplifying and streamlining the data flows and selecting of a better financial system for the country offices. Measures have already begun to be put in place to improve financial reporting and with the data warehouse concept, further improvement is expected in 2001 and 2002.

10. In order to strengthen further its project-management capacity, UNOPS has taken a number of measures in addition to project management training, which were reported to the Executive Board at its annual session 2000 (document DP/2000/25, paras. 27 and 28). UNOPS has started to put together substantive support units in areas where there is a concentration of demand. More than any other measure, this will strengthen the backstopping of project personnel. One such unit is already operational in the UNOPS Geneva Office and is dedicated to the design, monitoring and evaluation of programmes fostering social and economic development at the local level, with particular emphasis on the rehabilitation of societies in post-conflict situations and support to peace processes. Another unit was established in Nairobi for support and backstopping of projects implemented in the area, primarily dealing with social rehabilitation of populations emerging from conflict. A similar substantive unit is being established for the programmes that have been entrusted to UNOPS for execution in the area of public sector reform.

11. UNOPS has also released the Operational Guide for implementation of programmes designed for post-conflict situations, social sustainability and natural disasters. Formulated by UNOPS, the Guide is the fruit of an inter-agency effort carried out in Geneva and is based on 10 years of experience in project execution in this field. These guidelines represent a body of practical experience that is unique.

12. In addition, UNOPS is further strengthening the management capacities of the decentralized offices, by increasing their project management responsibilities, and better defining the separation of responsibilities between the headquarters and the decentralized operations units. A case in point is the UNOPS Abidjan Office, which, as of June 2000, also hosts UNOPS Africa II Division, which is dedicated to implementation and supervision services in West Africa. The New York headquarters will continue to host the Africa I Division, responsible for implementation of projects in the remainder of the Africa region.

13. Finally, in relation to the recommendation to review the current fee-setting mechanism, UNOPS reported to the Executive Board at its annual session 2000 (document DP/2000/25, para. 39) that it continues to apply to individual projects a fee-calculation system developed some years ago and updated in 1999.

However, accurate fee-setting systems must be sustained by an efficient information system and be directly linked to a sound methodology for tracking and monitoring all costs, including reimbursements to UNDP and the United Nations for central services and to the country offices for project services rendered. Owing to the persistence of difficulties encountered in the area of financial reporting and the fact that the solution of this issue, although of the highest priority for 2000, remains partially unfulfilled at the time of writing, it is unlikely that pilot-testing of time-tracking software for establishing cost and fee baselines will be completed in 2000.

III. Recommendations on which further consultations and discussion are needed

A. Recommendation 2 (a): Delineation of responsibilities

14. *The MCC should, as a matter of priority, establish, define and delineate the roles and responsibilities of UNDP and UNOPS in order to minimize friction and conflict. Possibly, the MCC should also submit the issue to the Executive Board.*

This item will be part of the agenda of the Management Coordination Committee meetings during 2000.

B. Recommendation 2 (b): Delineation of responsibilities

15. *Existing overlaps between the two institutions, which are a source of conflict, should be corrected. An example of such overlaps is in the area of crisis and post-conflict situations, where the Emergency Response Division of UNDP and the Division for Rehabilitation and Social Sustainability of UNOPS appear to be performing similar tasks.*

As indicated in document DP/2000/CRP.8, UNDP and UNOPS agree that there exists no overlap in the area of crisis and post-conflict situations between the Emergency Response Division of UNDP and the Division for Rehabilitation and Social Sustainability (RESS) of UNOPS. Following further consultations between UNDP and UNOPS and bilateral discussions between ERD/UNDP and RESS/UNOPS, both

organizations reaffirm that the mandates and activities of the two divisions are complementary and mutually reinforcing. The release of the UNOPS Operational Guide for implementation of programmes designed for post-conflict situations, social sustainability and natural disasters (see para. 12 above) emphasizes that UNOPS is perhaps one of the most experienced implementing partners of the Emergency Response Division.

C. Recommendation 2 (c): Delineation of responsibilities

16. *UNDP and UNOPS should urgently conclude the subsidiary agreements envisaged in the 1997 Memorandum of Understanding. These should be further elaborated in detailed procedural manuals clearly indicating the responsibility and authority of the two parties at all levels, including detailed decision-making, reporting and information flows.*

As pointed out in document DP/2000/CRP.8, both entities concur with this recommendation, whose implementation is foreseen by June 2001. The most important of these subsidiary agreements, which would define the scope of central services provided by UNDP to UNOPS and the methodology for costing such services, remains under discussion at the time of writing.

D. Recommendation 3: Management Coordination Committee

17. The Management Coordination Committee is reviewing the options offered in Recommendation 3. Following consultations with MCC members and the Secretary-General, the Administrator in his capacity as Chairman of the MCC, has called for regular meetings to be held throughout 2000 with an agenda for strategic decision-making. The MCC will report progress achieved to the Secretary-General and to the Executive Board through the Chairman and the Executive Director. Moreover, at the request of the Secretary-General the Office of Internal Oversight Services is conducting a review of the reporting lines of UNOPS, which is expected to contribute to a better understanding of the role of the MCC.

E. Recommendation 5: Resource mobilization

18. This recommendation will be further reviewed by the Management Coordination Committee in 2000 and 2001 with progress to be reported to the Executive Board at its annual session 2001.

F. Recommendation 6: Execution modalities (a) and (b)

19. As indicated in document DP/2000/CRP.8, the Executive Board has requested UNDP to conduct an independent evaluation of non-core funded activities and their impact, which will cover, inter alia, execution modalities. Recommendations 6 (a) and (b) will therefore be addressed in this context. The UNDP/UNOPS task force is also examining this issue in the light of actual practice in current operational activities. Progress on this issue will be reported to the Executive Board at its annual session 2001.

G. Recommendations 7 (a), (b), (c), (d): Financing principles for country offices

20. As pointed out in document DP/2000/CRP.8, the policy aspects of these recommendations are matters that concern UNDP and the Executive Board and are covered in the presentation of the biennial support budget every alternate year at the third regular session. However, the implications of these recommendations on the bilateral relationship between UNDP and UNOPS are currently being discussed by the UNDP/UNOPS task force.

IV. Executive Board action

21. Based on its review of the present document and its discussions on the UNOPS items at the annual session and at the current session, the Executive Board may wish to:

(a) Take note of the report contained in document DP/2000/35;

(b) Encourage the Administrator and the Executive Director to continue the dialogue, at all levels;

(c) Request the Administrator and the Executive Director to submit to the Executive Board at its annual session 2001 a detailed report on progress achieved on all recommendations of the evaluation report, based, *inter alia*, on the deliberations and decisions of the Management Coordination Committee.



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Technical cooperation among developing countries

Technical cooperation among developing countries

Report of the Administrator

Summary

In responding to Executive Board decision 99/11, the present report contains an assessment of the results of the activities supported by the Special Unit for TCDC under the cooperation framework. In the light of lessons learned, an improved agenda is proposed to enhance TCDC in UNDP and throughout the United Nations system.

Contents

	<i>Paragraphs</i>	<i>Page</i>
I. Introduction	1-5	2
II. Performance and results of the TCDC cooperation framework	6-27	2
III. Enhancing South-South technical cooperation	28-36	6
IV. Future orientation of the new TCDC programme	37-43	9
V. Recommendations for Executive Board action	44	10



I. Introduction

1. In its decision 99/11, the Executive Board requested the Administrator to prepare a report that would enable the Board to consider increasing resources for technical cooperation among developing countries (TCDC) activities as called for by the General Assembly in paragraph 43 of its resolution 53/192 of 15 December 1998.

2. In adopting the Buenos Aires Plan of Action in 1978, the General Assembly assigned to UNDP a special role in promoting TCDC, anchoring its multilateral governing system, developing new concepts and approaches for mobilizing TCDC, and advancing the utilization of southern capacities in development-cooperation activities.

3. Recognizing the changing global context since the adoption of the Plan of Action, the General Assembly has, in recent years, re-emphasized TCDC as a viable complementary mechanism for securing some of the potential benefits of globalization. The report on new directions for technical cooperation among developing countries, endorsed by the General Assembly in its resolution 50/119 of 20 December 1995, enjoined the Special Unit for TCDC (SU/TCDC) to focus on such common strategic issues as trade and investment, macroeconomic policy coordination and environment. It also called for building the critical capacities of developing countries through broad-based partnerships, networking and support for policy dialogue.

4. In its decision 95/23, the Executive Board earmarked 0.5 per cent of UNDP total regular resources as special resources for TCDC activities (line 1.5). The first cooperation framework for TCDC (1997-1999) was approved by the Board at its second regular session 1997; at its second regular session 2000, the Board took note of the extension of the framework to December 2000.

5. The present report assesses the results of the activities supported by the Special Unit for TCDC under the TCDC cooperation framework. In the light of lessons learned, an improved agenda to enhance TCDC in UNDP and throughout the United Nations system is proposed.

II. Performance and results of the TCDC cooperation framework

6. Drawing largely on the new directions strategy, the TCDC cooperation framework was designed to promote TCDC actively and to support sustainable human development (SHD). Support for SHD through TCDC was envisaged to cover issues relating to poverty eradication; environment; production and employment; and trade, investment and macroeconomic management. Considering this broad spectrum against limited resources, rigorous efforts were made to concentrate on initiatives that would have a major impact on a large number of developing countries and yield results. Accordingly, the TCDC programme was sharply focused on initiatives that (a) enhance the strategic capacities of developing countries to address the emerging policy and institutional challenges of globalization and multilateral negotiations; (b) strengthen knowledge-networking around priority development and cooperation issues in the South; and (c) build broad-based partnerships and leverage additional resources towards pressing SHD concerns.

7. Total core resources amounting to \$12.5 million for the period 1997-2000 have been allocated to three main activity clusters in the following percentages: building strategic policy and institutional capacities — 43 per cent; nurturing TCDC knowledge-networking — 27 per cent; and forging broad-based partnerships for SHD — 30 per cent.

8. Correspondingly, non-core resources mobilized for 1997-2000 amounting to nearly \$17.0 million have also been allocated as follows: building strategic policy and institutional capacities — 43 per cent; and broad-based partnerships for SHD — 57 per cent.

Building strategic policy and institutional capacities

9. Initiatives supported under this cluster focused mainly on strengthening the strategic and coordinating capacities of developing countries in relation to the policy and institutional challenges of effective participation in the emerging rules-based global governance. The major highlights follow.

10. In response to requests from the Group of 77 to support the efforts of developing countries to adopt a coordinated approach to major global issues, the TCDC

programme facilitated a number of South-South dialogue initiatives, focusing on the priorities identified by the developing countries themselves. These include South-South trade, investment and finance; regional and subregional economic integration; capacities and needs of the small island developing states (SIDS); South-South cooperation in science and technology and climate change. These UNDP/G-77 joint initiatives have, in many ways, helped the developing countries to reach common understanding on these issues and to position themselves better in multilateral processes such as the World Trade Organization (WTO) Ministerial Meeting in Seattle (1999) and the Tenth United Nations Conference on Trade and Development (UNCTAD X) in Bangkok (2000). It is significant that in all these initiatives, the participating developing countries provided considerable financial and in-kind contributions. Some developed country partners, e.g., Japan and the Republic of Korea, also provided significant financial support to one or more of these initiatives. The UNDP role was primarily to provide specific technical and substantive inputs into these processes.

11. In partnership with the South Centre, the TCDC programme supported developing country negotiators both in their capitals and at Geneva, with strategies and tools to negotiate more effectively in WTO processes. One product of this partnership is a joint publication with the South Centre of a monograph, *The WTO Multilateral Trade Agenda and the South*, for which there has been great demand from developing countries. It is noteworthy that this initiative generated great interest among northern institutions. For instance, in the United Kingdom, Oxfam collaborated with the initiative to organize a seminar on WTO institutional reform and the Rockefeller Foundation funded related work on intellectual property. Focus on the Global South, a Bangkok-based NGO, was also associated with the initiative on agricultural issues.

12. With support from TCDC, the Third World Network (TWN) provided, for a broad constituency of both state and non-state actors in the South, sensitization and analytical materials on trade and trade-related issues and on the impact of globalization on the South. During the past three years, TWN has provided to developing countries over 50 analytical research reports and briefing papers on such critical issues as trade agreements; globalization and human

rights; technology transfer, intellectual property rights and biodiversity; and critical development issues facing least developed countries (LDCs). A number of issue-specific seminars were organized for Geneva-based Southern diplomats on such issues as the WTO dispute settlement mechanism and economic crisis, social consequences and people's response. The seminar on economic crisis and its social consequences, held in 1999 in the Philippines, and the G-77/NGO consultative meeting, held at Geneva in 1999, prior to the WTO Seattle Ministerial Conference, provided the G-77 country representatives and the international NGO community with the opportunity to exchange views on WTO-related issues and prepare themselves for the Seattle Conference. These services were highly appreciated by policy-makers from both South and North.

Nurturing TCDC knowledge-networking

13. Activities supported by SU/TCDC under this category were geared to help to project, within the development agenda, issues of particular concern to the South. Special efforts were made to strengthen intra-South development networking, taking advantage of the new information and communication technology (ICT).

14. SU/TCDC is using the new ICT and a transformed TCDC Information Referral Services (INRES) database to build a dynamic, interactive global system known as the *Web of Information for Development* (WIDE). The WIDE initiative focuses on developing-country institutional and individual expertise and uses ICTs to strengthen knowledge networks for technical cooperation among developing countries. Launched in February 2000, the WIDE initiative uses an array of Internet services to give more visibility to developing-country expertise, foster South-South knowledge networking and promote TCDC. *WIDE Online*, an on-line user-maintained database developed and maintained in collaboration with partners in Brazil, provides visibility and access to experts, institutions and best practices from the South. *WIDE Online* currently references more than 43,000 experts, 10,000 institutions and 400,000 publications. Over 130 innovative case studies assembled for TCDC are also featured online and in print. It also provides links to 20 other databases in Africa, Asia and Eastern Europe with additional information on experts, publications, institutions and best practices.

15. Through its *InterLink* feature, SU/TCDC is collaborating with networks and institutions to use the WIDE approach for raising the profile of developing country expertise and knowledge and to strengthen decentralized South-South knowledge-networking. For instance, SU/TCDC is supporting the African Academy of Sciences to strengthen knowledge-networking across its membership of 1600 African scientists and engineers and affiliated institutions. Thirty-four national TCDC focal points (mostly in LDCs) have also been supported in developing national TCDC web sites as part of the WIDE system. Discussion forums, launched in cooperation with and hosted by Bellanet (Ottawa, Canada), are designed to facilitate on-line collaboration and networking in support of the higher profile and knowledge-networking objectives of the WIDE initiative. Since March 2000, over 200 discussion group members, many representing their organizations, have been actively engaged on-line in discussing a wide range of South-South cooperation issues and exchanging information on new Southern-based initiatives and programmes. Also, in cooperation with Comcast Inc. (Republic of Korea), the WIDE Internet Broadcasting News Service delivers daily headline news relating to development and to South-South cooperation. The intent is for the WIDE Initiative to serve both the decentralized needs of South-South knowledge networking and act as a collaborative resource in support of UNDP efforts. The selection of WIDE as one of the finalists in the Stockholm Challenge Award, offered by the City of Stockholm in partnership with the European Commission, may be seen as a recognition of its unique contribution towards bridging the digital divide between rich and poor countries.

16. Another important initiative has been the Small Island Developing States Network (SIDSNET), to promote and facilitate inter-island information on sustainable development research and experience. SIDSNET is a joint SU/TCDC-Sustainable Development Networking Programme (SDNP) project developed in collaboration with the Alliance of Small Island States (AOSIS) in response to the SIDS Programme of Action adopted in Barbados in 1994. The SIDSNET web site provides cutting-edge networking tools for virtual discussions, chat conferences, focused searching, document submission and storage and mailing lists. The web site receives over 220,000 hits per month from over 95 countries. SIDSNET works closely with organizations concerned

with climate change issues and has links with key national bodies. Activities have also been undertaken to build national capacities in small island developing countries in information technology.

17. In addition to championing information technology-based knowledge-networking, SU/TCDC has also supported more traditional networks of development practitioners in several domains. For instance, collaborative efforts with the Regional Bureau for Latin America and the Caribbean, the World Bank's EDI and the Inter-American Foundation, resulted in the collection of four hundred profiles of best practices in poverty reduction in the region. One hundred case studies involving civil society and the public and private sectors from Argentina, Brazil, Bolivia, Columbia, El Salvador, Guatemala, Jamaica and Venezuela were produced on the subject. A book entitled *Working Together for Change: Government, Business and Civil Partnership for Poverty Reduction in LAC* was published and a network of over 50 academic and research organizations was established. There was also a series of seven books published entitled, *Alianza para la Reducción de la Pobreza: Experiencias Exitosas en America Latina y el Caribe*, featuring best practices selected from the participating countries. Several additional exchanges of experiences between participating and other interested countries have also been reported. A web page has been created on the Internet (<http://www.alianzas.org>), providing information on the cases and lessons that have been learned.

18. Also, in partnership with the Government of Ghana, the Carnegie Foundation and the Regional Bureau for Africa, the TCDC programme facilitated the formation of the Prevention of Maternal Mortality Network, aimed at transferring best practices and methodologies to minimize the incidence of maternal death in countries from West to East Africa. The success is now being extended to francophone countries and southern African countries. Similarly, in partnership with the Canadian International Development Agency (CIDA), other bilateral agencies and the ECONEWS Network, SU/TCDC catalysed the launching of a community-based resource centre and radio station in East African communities that improved information flows on environmental issues to nomadic and rural populations, integrating them into the economic and social development of their

communities and improving their capacities to make informed decisions on their environment.

19. *Cooperation South*, a signature TCDC product for almost 20 years, has been transformed into a major policy journal highlighting issues of common concern to the South and reflecting Southern perspectives on key development issues. Internationally acclaimed writers and statesmen have contributed to the journal over the past two years at the same time as the journal has increased its circulation among influential institutions and attracted the attention of world leaders.

Building broad-based TCDC partnerships for sustainable human development

20. In the past two years, the TCDC programme has further advanced the concepts of "pivotal country", "triangular cooperation" and centres of excellence to build more robust and dynamic TCDC partnerships around a small number of SHD areas and mobilize technical, institutional and financial resources for joint implementation and sustainability. A few examples are cited below.

21. A major TCDC innovation, based on the tested TCDC instrument of capacity and needs matching, is the *Business-to-Business Forum*, aimed at striking concrete South-South business deals. With the growing emphasis on and demand for an increased role by the private sector in development, SU/TCDC pioneered the first Africa-Asia Business Forum in 1999, as a follow-up to the Tokyo International Conference on African Development (TICAD) initiative. In collaboration with the Government of Malaysia, the Malaysian South-South Corporation (MASCORP), the Multilateral Investment Guarantee Agency of the World Bank, the United Nations Conference on Trade and Development (UNCTAD), the International Trade Centre (ITC) and the United Nations Industrial Development Organization (UNIDO), and financed primarily by the Government of Japan, the Africa-Asia Business Forum (AABF) brought together approximately 230 business enterprises from 25 African countries and 6 Asian countries, from 25 to 29 October 1999 in Kuala Lumpur to explore new trade and investment opportunities. Twenty-seven memoranda of understanding were signed on the spot, resulting, so far, in \$20 million in confirmed deals. More deals and transactions are expected to be made as negotiations among the participating companies continue. Preparing for the Forum was an intensive process, starting with

capacity-building workshops to prepare participants in such key business areas as negotiating strategic partnerships, preparing business plans and entering foreign markets. Following this was the rigorous analysis of cross-regional trade opportunities, setting eligibility criteria, auditing of shortlisted companies, the comparative review of legal and regulatory frameworks, and preparation of investor profiles. The most crucial step was securing commitments and eliciting pre-forum matches between participating companies to increase the chances of actually concluding deals at the forum. The approach has already generated enormous interest in both regions and a second such forum is planned for mid-2001 in Africa. Important as the actual transactions are, these strictly business-like processes and TCDC-specific methodologies developed by SU/TCDC can offer valuable lessons for others in supporting similar initiatives.

22. One of the most successful "triangular" cooperation efforts relates to food security. The Africa-Asia Joint Rice Research initiative is led by the West Africa Rice Development Association (WARDA), with funding primarily from the Government of Japan and technical support from research institutions in China, France, Japan, United States, three Consultative Group on International Agricultural Research (CGIAR) centres and 17 member institutions of the West Africa National Agricultural Research System. The initiative has already developed over 20 family lines of new African rice varieties that could increase yield by 50 to 200 per cent. Already, more than 5,000 farmers in 17 West African countries have participated in the use of these new varieties. According to WARDA, even with a modest 10 to 15 per cent increase of grain yield, the new varieties could increase annual rice production in West Africa by 250-750 thousand tons, reducing imports by 10 to 25 per cent for a value of \$62 million to \$187 million, and increasing farmers' income by 25 per cent.

23. In partnership with the Government of Singapore, as a pivotal country, the programme was able to support a focused TCDC programme for the Caribbean small island states in the areas of information technology, urban development and environmental management, where more than 50 per cent of the cost was paid for by the Government of Singapore and about 20 per cent by the participating Caribbean countries. Also, the North-East Asia Transit Transport

initiative catalysed by the programme in collaboration with UNCTAD, China, the Russian Federation and Mongolia is perhaps one of the most tangible results of TCDC partnership. It has led to an agreement between China and Mongolia to reduce rail transport tariff by 50 per cent starting in June 2000.

Client-led, innovation-driven programming — the TCDC experience

24. Doing better with less has been the major strategic principle of SU/TCDC in the past few years, challenging the Unit to be creative in its approach to programming. One significant innovation is the flagship approach. A flagship initiative is not judged by its size in terms of complexity and resource inputs. It is judged by its leadership effect in educating a clear mission, thematic focus, a strong interregional orientation and Southern stakeholder ownership. Developing a flagship initiative involves four basic stages. At the programme initiation stage, the emphasis is on listening to clients and jointly analysing and agreeing to the TCDC scope and the possibilities of interregional linkage. The second stage is rigorous consultation to secure agreement, match specific needs with capacities and cement partnerships. In the third stage, activities are launched under specific Southern institutional leaderships, nurturing the density of institutional collaboration and reinforcing specific institutional capacities. In the fourth stage, the emphasis is on rigorously assessing programme processes, documenting results and lessons and demonstrating replicability. In the final stage, the hope is that other partners will embrace the approach and adapt it into their mainstream programmes. A particularly significant element of this process is that it allows a diverse range of Southern stakeholders to set their priorities, choose their own partners, match capacities and needs among themselves, and share implementation responsibilities. Figure 1 summarizes the logic of this process.

25. The flagship approach and other innovative TCDC programming and mobilization instruments have been developed over the last three years based on two decades of practical experience and guidance from a wide range of TCDC stakeholders. This strategy has rendered TCDC capacity-building more purposeful, the notion of ownership more meaningful, and partnerships more fruitful. They combine to constitute a whole new model of TCDC mobilization and operation.

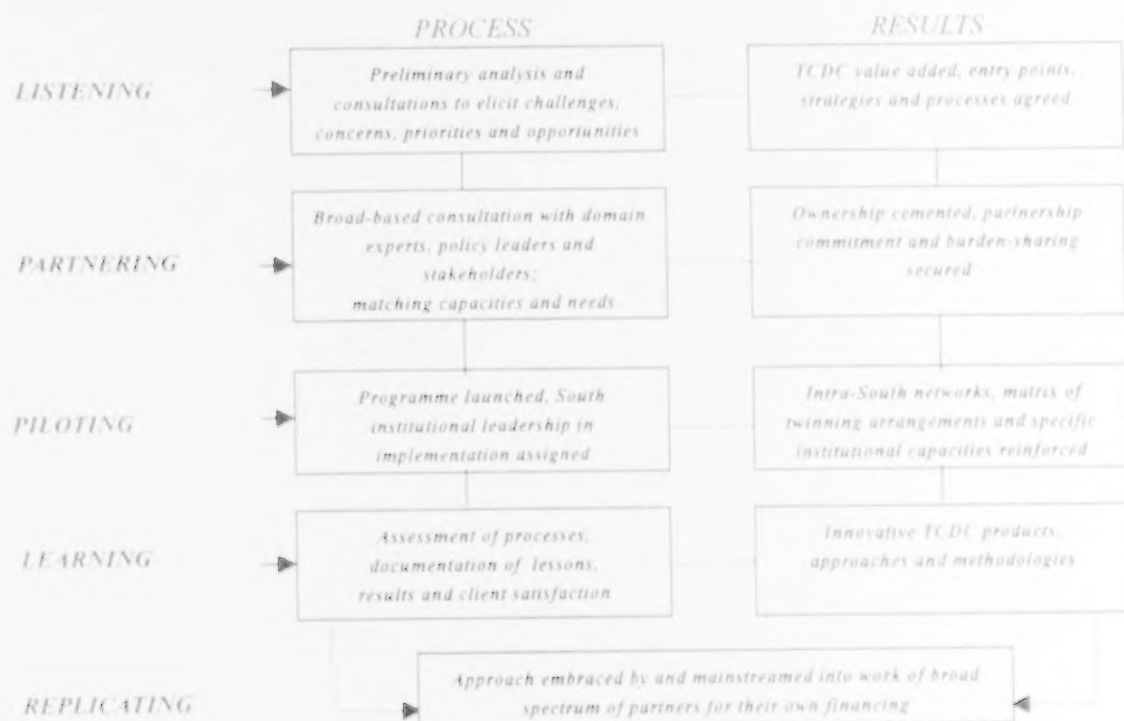
26. The true value of this new model can be appreciated from the significant increase in donor interest and participation in the TCDC flagship initiatives. The TCDC programme was able to leverage a total amount of nearly \$17.0 million in non-core resources for the period 1997-2000, mainly from the Governments of Japan, Republic of Korea (for the flagship initiative in science and technology), Ireland and from the Ford Foundation (for the flagship initiative on social policy to manage the risks of globalization). The Government of China also pledged recently to contribute \$150,000 to support the flagship initiatives. These resources enabled the TCDC programme to support a number of large-scale TCDC initiatives that would not have been possible under core funding alone.

27. The success of the new system can also be judged from the considerable amount of collateral financing and in-kind contributions provided by a wide range of state and non-state partners to the TCDC flagship initiatives. For example, WIDE has attracted support from both public and private sector stakeholders in the South and the North. In Brazil, the Ministry of Science and Technology, the Council for Scientific and Technological Development and the Recife Centre for Advanced Studies and Systems contributed approximately \$200,000 to develop the system and \$60,000 per year for the three-year period 2000-2002 towards the operation of the system. COMCAST Ltd. funded the development of the WIDE News Service at a cost of about \$200,000. Other partners who have contributed their expertise to strengthening the TCDC network include the International Development Research Centre; the Pan Asia Networking Programme in Singapore; Bellanet in Ottawa, Canada; the Third World Network of Scientific Organizations (TWNISO) in Italy; the Third World Network (TWN) in Malaysia; the Caribbean Centre for Development Administration (CARICAD); and the Food and Agricultural Organization of the United Nations (FAO).

III. Enhancing South-South technical cooperation

28. The rapid advance of globalization and liberalization has changed the world significantly since the adoption of the Buenos Aires Plan of Action in 1978. A rules-based multilateral system is now firmly in place with the establishment of WTO and its dispute

Figure 1.
Process map for TCDC flagship initiative



settlement mechanism for international trade and trade-related issues and the adoption of several international conventions relating to social development, gender and environmental issues. Coupled with the increased awareness of the need for joint efforts to address issues of global public goods, the world is much more interdependent today than 20 years ago. The worldwide lowering of trade barriers, the integration of capital markets, the decentralization of production processes, and the dramatic advances in information and communications technology combine to yield a radically different context for TCDC.

New logic for TCDC

29. While virtually all developing countries have been adapting their domestic policies in recent years to the new global trade and macroeconomic regime, they still have very little say in the governance mechanisms of the global economy. Their ability, as individual countries, to safeguard their own interests in the

multilateral negotiations in such areas as trade, finance and investment remains limited. Similarly, although globalization has provided new opportunities for those countries with the policy instruments and institutional and technical capacities to participate in increased international trade and investment, many others are being left behind and marginalized. The gaps between rich and poor, both between the North and the South and among the Southern countries are widening. These realities clearly suggest a new logic for more conscious collective actions by the South.

30. Parallel to the changing global political economy, the development paradigm itself has changed considerably. With the current emphasis on human development, the - development agenda now incorporates issues such as global governance, peace and security, in addition to growth, education, health, environment and empowerment. The ideological drivers of development have changed from being growth-based to people-driven, as reflected in the

emphasis on poverty eradication and participatory democracy. In addition, issues of aid efficiency and the declining levels of official development assistance (ODA) over the last decade have to a great extent resulted in a convergence of views within the development community on the importance of partnership, ownership and burden-sharing by developing countries in their development. TCDC is a natural conduit for bringing the South into the mainstream of international development.

31. Over the past 50 years, many developing countries have developed substantial knowledge and acquired capacity and experience in designing national socio-economic and environmental policies and strategies, and in setting up appropriate legal, political and regulatory frameworks and institutions. Many of them have developed new technologies and new competencies in renewable energy, genetic engineering and biotechnology, electronics and semiconductors, and information and communication technology. TCDC can help to unlock the vast untapped reservoir of Southern knowledge and capacities as important sources of policy advice and capacity-building for other developing countries.

A new TCDC model

32. The changes in the global political economy over the last two decades indicate a new TCDC model in which:

(a) The *motive* of TCDC derives from the need for developing countries to formulate a strategic response to the imperatives of globalization and their need to be effective in negotiating, complying and competing in the new rules-based multilateral system;

(b) The *focus* of TCDC is not so much sectoral and project-driven as upstream and strategic;

(c) The *content* of TCDC is no longer just the episodic South-South movement of technical experts and equipment, but more the mutual sharing of whole systems for the design and implementation of policies and strategies;

(d) The *process* of TCDC is more one of mutually articulating the South's shared challenges, identifying capacity needs and strengths, laying the foundations and creating common platforms to address those shared concerns, and pooling institutional,

technical, intellectual and financial resources to resolve them; and

(e) The *TCDC community* consists not just of the governments of the South, but also the private sector and civil society organizations.

Enhancing TCDC in UNDP

33. In his report to the 1999 General Assembly on the State of South-South Cooperation (A/54/425), the Secretary-General reiterated that "orienting the operational activities for development increasingly towards the support of South-South cooperation constitutes an important element of the strategy of the United Nations development system." Accordingly, TCDC is likely to become more explicitly integrated operationally in the regular programmes and activities of the United Nations system.

34. The use of TCDC has already been increasing in UNDP. About 50 per cent of country programmes now identify TCDC either in the country cooperation frameworks or in specific projects. Regional and subregional programmes have also become much more TCDC/economic cooperation among developing countries (ECDC) oriented. Other UNDP programmes and funds such as the United Nations Development Fund for Women (UNIFEM) and the United Nations Volunteers (UNV) have also been giving much greater emphasis to South-South exchanges of expertise and experiences. In the context of the Administrator's Business Plans, South-South cooperation is being assigned a primary role. The principle that UNDP must learn to leverage its resources requires effective collaboration with a broad range of partners. The organization is highly committed to sourcing expertise and good practices from the South. TCDC will be infused into all UNDP work in designing strategic policy advice, promoting knowledge networks and supporting countries to respond to globalization.

35. UNDP will now draw more on the experiences and capacities existing in developing countries for upstream policy work and institutional capacity-building activities in selected priority areas. Institutional and policy competencies will be mobilized from the South in advancing the UNDP policy focus on pro-poor governance systems; economic and social policies; environmentally sustainable development policies and strategies; as well as science and technology policies, with particular emphasis on

information technology. Systematic intra-South exchanges in these areas should enhance the capacities of developing countries to participate more effectively in a globalizing world. Conscious efforts will be made to pool resources to help to create self-sustaining South-South coalitions of expertise around a number of issues of common concern such as global governance, information technology for development, biodiversity and HIV/AIDS.

36. Operationally, UNDP will integrate the use of TCDC in the conceptualization, formulation and implementation of the United Nations Development Assistance Frameworks, country cooperation frameworks, regional and global cooperation frameworks, as well as in the strategic results frameworks. Senior managers at all levels will be held accountable for performance and for reporting on results through the result-oriented annual report. Detailed guidelines on the operational issues will be prepared by SU/TCDC in collaboration with the Operations Support Group, the Bureau for Development Policy (BDP), the Regional Bureaux and other relevant units.

IV. Future orientation of the new TCDC programme

37. As part of the UNDP decentralization strategy, SU/TCDC will redeploy two TCDC advisers to the field. They will work closely with the network of 50 BDP policy specialists outposted in the regions. The idea is to strengthen the field-based, action-oriented TCDC community. This community will consist of TCDC-oriented networks; interested Southern experts; knowledge institutions and centres of excellence; selected inter-governmental, non-governmental, civil society and private-sector organizations; developing country government focal points; interested donor agencies, foundations and institutions; and TCDC focal points within UNDP as well as the United Nations system. In this way, the global support for multilateral TCDC can be significantly enhanced.

38. Within this community, SU/TCDC will remain the anchor of multilateral South-South cooperation. Its expertise and experience in brokering broad-based partnerships will be sharply focused on developing strategies and piloting initiatives with innovative, catalytic and, especially, replicative value; on nurturing

institutional TCDC champions; and on leveraging resources from a wide range of partners to achieve visible results. Figure 2 broadly shows the morphology of this community.

39. To make the optimal use of its modest resources, the new programme will concentrate on areas where the expressed need for building policy and institutional capacities by developing countries is greatest; where their commitment to working together to achieve their agreed objectives is strongest; where the probability of involvement and support by donor and other non-state partners is highest; and where SU/TCDC can deliver at its best.

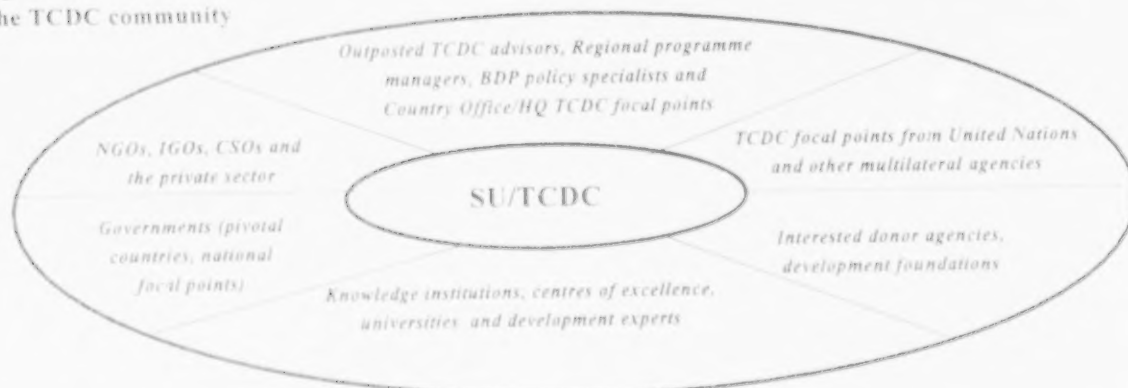
40. In the face of globalization, there is clearly some urgency in developing countries working together in clusters or as a whole to strengthen their negotiating effectiveness in global governance processes. Moreover, in adapting to the requirements of the emerging global economic regime, developing countries have much to learn from one another on how to secure flexibility and the protection of national human development interests.

41. *Programme focus.* In supporting developing country efforts to become more effective participants in the emerging global economy and in international development cooperation, the TCDC programme will be geared to priority issues in the areas of trade and investment and macro-economic management; social integration and transformation; science and technology for development; private sector development with a particular emphasis on small-and-medium enterprises; and environmental management. The programme will be designed to bring countries together to design solutions and mobilize resources to respond to their common challenges in these areas.

42. *Implementation strategies.* While the overall strategy remains innovation-driven, results-based and service-oriented, a set of sub-strategies will be developed around the SU/TCDC key functions, such as TCDC advocacy, policy dialogue, interregional networking, partnership-building and resource mobilization.

43. A new TCDC cooperation framework will be submitted for consideration by the Executive Board in early 2001. While demand for TCDC will increase, the current financial situation of UNDP suggests that only a modest increase above the current 0.5 per cent allocation from regular resources is feasible.

Figure 2
The TCDC community



V. Recommendations for Executive Board action

44. The Executive Board may wish to:

1. *Note* the progress made in implementing the first cooperation framework for technical cooperation among developing countries.

2. *Recognize* the contributions made to the South-South Trust Fund by some donor countries and non-state partners and encourage all countries to make an effort to increase support to technical cooperation among developing countries.

3. *Welcome* the Administrator's efforts to enhance technical cooperation among developing countries within UNDP and recognize the unique role of the Special Unit for TCDC in these efforts.

4. *Increase* the allocation for technical cooperation among developing countries above the current 0.5 per cent of core resources during the next programming period (2001-2003).